

COMBATING TRAFFICKING IN PERSONS: AN INTERNATIONAL PERSPECTIVE

HEARING BEFORE THE SUBCOMMITTEE ON DOMESTIC AND INTERNATIONAL MONETARY POLICY, TRADE AND TECHNOLOGY OF THE COMMITTEE ON FINANCIAL SERVICES U.S. HOUSE OF REPRESENTATIVES ONE HUNDRED NINTH CONGRESS FIRST SESSION

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Wednesday, June 22, 2005

**U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DOMESTIC AND INTERNATIONAL
MONETARY POLICY, TRADE, AND TECHNOLOGY,
COMMITTEE ON FINANCIAL SERVICES,
*Washington, D.C.***

The subcommittee met, pursuant to call, at 2:36 p.m., in Room 2128, Rayburn House Office Building, Hon. Deborah Pryce [chairman of the subcommittee] Presiding.

Present: Representatives Pryce, Biggert, Maloney and Moore.

Chairwoman PRYCE. Thank you all very much for your patience. We were hung up on the floor with a series of votes, and I appreciate my ranking member Mrs. Maloney for being here. Good afternoon. We will start right away so as not to hold up anybody else any further.

The hearing on the Committee on Domestic and International Policy, Trade and Technology will come to order.

I would like to welcome everyone this afternoon. Today we are convening the second in a series of hearings in this subcommittee on a serious issue, trafficking in persons.

At our first hearing in April, we heard testimony from a great leader at the State Department's Trafficking in Persons Office, Ambassador John Miller. Ambassador Miller offered a thorough and passionate testimony about U.S. efforts to combat trafficking here and abroad.

We also heard from Ms. Norma Hotaling, executive director and founder of the SAGE Project in San Francisco. Norma turned her own experience with homelessness, addiction and sexual exploitation into a mission to make it easier for other women, men and youth to want to make lives for themselves and leave the sex trade behind.

Ms. Tina Frundt, our final witness, courageously offered her firsthand experience as a victim of sex trafficking and sexual exploitation in the United States. Her harrowing encounters with victimization by pimps and johns put a human face on this tragedy and shed light on an issue that is all too often kept in the dark.

I expect today's hearing to further expose members of this subcommittee, members of the media and the public to the multi-faceted and destructive issues surrounding human trafficking, including the significant economic and financial implications.

Today's hearing is timely for a number of reasons. First, in stating the obvious, modern-day slavery will be a timely issue to de-

bate in the halls of Congress and committees across the world until it has its own chapter, complete with a start and a finish, in the history books of every country in the world.

Second, just a few weeks ago Ambassador Miller's Trafficking in Persons Office at the State Department released a much-anticipated Trafficking in Persons report, or the TIP report, for 2005. The State Department is required by law to submit a report each year to Congress on the efforts of foreign governments to eliminate severe forms of trafficking in persons. This report covering April 2004 to March 2005 is the fifth annual TIP report.

The intent of the report is to raise global awareness and prompt foreign governments to combat all forms of trafficking in persons. The report highlights the three Ps, prosecution, protection and prevention, and the three Rs, rescue, rehabilitation and reintegration. There is great significance in this marriage between the Ps and the Rs, and we need to focus on both in order to fully understand and tackle the scope of the problem.

During my time overseas meeting with NGOs and victims, I saw firsthand the great potential to make this holistic approach work. While no country I visited came close to perfecting this approach in its entirety, I witnessed improved prosecution efforts in Albania, and the implementation of better prevention and reintegration efforts in Moldova, showing that progress can be made with commitment and coordination across the globe. Countries, including the U.S., must strive to implement all aspects of this victim-centered approach to fighting trafficking.

The 2005 report gave a Tier 3 classification to 14 of the 50 countries that were assessed. A Tier 3 country, the lowest of the ratings, fails to take significant actions to bring itself into compliance with the minimum standards for eliminating trafficking in persons. Such an assessment can trigger the withholding of nonhumanitarian, nontrade aid, and U.S. Opposition to assistance from public lenders, such as the International Monetary Fund or the World Bank.

One country on the Tier 3 list has already ignited action. Jamaica, a country previously on the Tier 2 list was downgraded because of a failure to follow through on previous commitments to strengthen law enforcement and protection measures. Not long after the reports were released, the Jamaican Prime Minister disclosed in a meeting with several journalists that a Cabinet office group consisting of representatives for the Ministries of Health, Education and Foreign Affairs, the Attorney General's Office and the immigration authorities would be established to act on the findings of the report and review existing law to identify areas to improve.

Several countries that were on the Tier 3 list last year jumped up a notch this year, and that is a good thing. For example, Bangladesh showed a strong commitment to implementing antitrafficking efforts over the last year. The country established an antitrafficking committee to oversee its national efforts to combat the issue, and set up a much-anticipated special antitrafficking police unit which initiated new investigations for rescuing more and more victims.

And in South Africa, Guyana's President facilitated the enactment—South America, excuse me. Guyana's President facilitated the enactment of the country's first antitrafficking law and launched a countrywide awareness campaign on the dangers and risks of trafficking. The report revealed that progress is being made in the campaign to combat sexual slavery and other forms of forced servitude.

New antitrafficking measures were enacted in 39 countries last year, and there were more than 3,000 convictions worldwide relating to trafficking. Upon release of the report, Ambassador Miller was quoted as saying, "Shining through these global tragedies are many, many rays of hope."

Though there is still much work to be done, the U.S. is putting its laws to work. In 2003, Operation Predator was launched within the Department of Homeland Security and in the Immigration and Customs Enforcement Agency. This marked an unprecedented initiative to protect children worldwide from sexual predators, including those who travel overseas for sex with minors, Internet child pornographers and sex traffickers. Operation Predator targets U.S. citizens suspected of sex crimes against children, as well as noncitizens whose child sex crimes render them deportable from the U.S. Since its inception there have been more than 5,700 individuals arrested nationwide, including 14 arrests brought under the child sex tourism provision of the Protect Act.

While progress has been made to combat trafficking, sobering statistics linger. An estimated up to 800,000 people are trafficked across international borders each year; 80 percent are females, and 50 percent are minors. According to a recent study by the International Labor Organization, a special agency of the United Nations that seeks to promote human and labor rights, at least 12.3 million people are trapped in forced labor across the globe. Of this number, over 2 million are victims of human trafficking, and 1.2 million are children forced into prostitution, drug trafficking and armed conflict.

These victims of trafficking are an enormous source of revenue for organized crime. The ILO study estimates that \$44 billion in global profits is brought in annually from forced labor, including 15 billion from victims of trafficking in persons.

This report offers us evidence that there is much to learn about how effectively or ineffectively we are following the money and enforcing existing antilaundering money laws to deprive criminals of the economic gains associated with the global sex trade.

There is not one clear cause of modern-day slavery, nor is there one clear solution, but there is a clear goal: to stamp it out for good.

I want to thank the witnesses we have here today. We know that you each bring a unique perspective, and we appreciate your time, your energy and your courage on educating us about this global crisis.

Chairwoman PRYCE. Without objection, all members' opening statements will be made a part of the record, but I would like to acknowledge the gentlewoman from New York, Ms. Maloney, her passion for tackling this issue is admirable, and I appreciate her partnership with me.

Chairwoman PRYCE. Mrs. Maloney.

Mrs. MALONEY. Well, I appreciate very much your leadership and partnership on this really, really critical issue, and I feel that together we can really make a difference and will make some changes that will help thousands, if not millions, of young women and men. And I really appreciate your making this the spotlight on what the United States is doing and can continue to do to combat sex trafficking.

This is a topic that I personally care about deeply and have worked on for many years in Congress. The exploitation of the world's young women and children in sex trafficking is a tragic human rights offense. As you will hear, many of these victims are kidnapped, sold or tricked into brothel captivity.

The 2004 State Department Trafficking in Persons report estimates that 600- to 800,000 persons are trafficked across international borders each year, with some 18,000 brought into the United States. This doesn't mention the number of people in the United States that do not cross international borders that are tricked or forced into sex slavery. Instead of the better jobs and better lives they dream of, they are trapped into a nightmare of coercion, violence and disease.

I have worked on the trafficking issues for many years, including working with the Equality Now, and I am pleased that the founder and president of it, Jessica Neuwirth, is one of the participants today. She has a background in international law. She is an expert on women's rights and has dedicated her life to helping women across the globe and in the United States.

We worked together to stop a sex tour operator that was operating blatantly in the district I represent in Queens called the Big Apple Oriental Tours, and they would literally advertise in brochures on the Internet, all over the place. Call them up and they would tell all about how they could take men or boys on sex tours to the Philippines and Thailand and sexually exploit impoverished women and young girls, advertising young ages, 11 years old.

And we worked for 7 years against Big Apple Tours' blatant and obvious violations and tried to prosecute them under existing laws. It was against the law in the United States, against the law in the Philippines, yet they continued to operate for 7 years. The Department of Justice declined to take action, and only New York Attorney General Eliot Spitzer obtained an indictment that shut Big Apple down, and he has continued to proceed with this case. Although in the first level he was not successful, just the attention and press pressure basically closed them down; not a law, but the focus that we put on them.

The story of Big Apple, although a story of some success, demonstrates that we need to do more to convince law enforcement in this country, as well as abroad, that we need to focus on the demand side of the trafficking equation.

While the laws against prostitution in this country applies to johns as well as prostitutes, the overwhelming practice is to arrest the women and to let the men go, as though the women were the perpetrators and the men the victims. If we see this situation through the lens of trafficking, then this is backwards. The buyers

of sex and the pimps selling it are the perpetrators, and the victims are those whose bodies are bought and sold.

It is critical that we protect the women and children victims of the sex trade industry and punish the predators that exploit them, recruiters, traffickers, brothel owners, customers and criminal syndicates. This is why I am so pleased to join with Chairwoman Pryce to reintroduce legislation that will strengthen U.S. Laws and help victims in our country, whether they are foreign or U.S. citizens, and this is H.R 2012. The End Demand for Sexual Trafficking Act of 2005 combats trafficking by going after the purchasers of commercial sex acts and providing U.S. Law enforcement with improved tools to fight trafficking and assist victims.

We have 12 cosponsors, and I urge all of the public here today to reach out to your Congress Members and Senators to urge them to become cosponsors of this important bipartisan legislation. And I am hopeful that we will be able to pass it this year.

We are also working together, Deborah Pryce and I. We have requested a GAO report to conduct a study of trafficking and of what the U.S. and the multilateral development banks are doing to combat this problem. We are also working with Sue Kelly, with her subcommittee on criminal activity with money laundering, to see if there is any money in sex trafficking also illegally being laundered.

This year I also introduced the Prevention of Trafficking of Tsunami Orphans Act, which would authorize critical assistance to the Department of State and the U.S. Agency for International Development to support programs that are being carried out by non-governmental organizations to protect tsunami orphans or homeless children from becoming victims of trafficking. Although the tsunami is no longer front-page news, the thousands of homeless children and orphans it created are still very much at risk.

We certainly must do more to stop the human rights abuses inflicted on men, women and children around the world by preventing trafficking and ending the sex trade industry. Although we continue to make important advances in the rights of women throughout the world, as long as there are women whose freedoms, livelihoods, bodies and souls are held captive because of trafficking, our work will never be done.

I look forward to your testimony, and I hope that you will address many items. But may I ask one particular troubling item that has come up that I would like them to address in their testimony?

Believe it or not, since we have been working on this, I am now being contacted by many organizations, some of whom are ex-prostitutes, gems from the Gem Society helping other prostitutes restore their lives. But some organizations that are arguing they like being prostitutes, they want to legalize prostitution, legalize johns—I am not kidding you, I am blown away by this.

And in your testimony, if you could give me your response. I have been contacted by two or three organizations coming forward with this point of view of having tolerance for the beliefs or choices of other people. And one said, I like my profession, and, you know—I don't have to draw a picture, but I would like to hear your responses of how you would respond to that.

Thank you.

Chairwoman PRYCE. Thank you, Mrs. Maloney. I think some of our witnesses look eager to respond to that question.

Chairwoman PRYCE. I would like to introduce now our witnesses. Mr. Michael O'Connor serves as the director of operations, South Asia, for International Justice Mission, IJM. IJM is an international human rights agency that rescues victims of violence, sexual exploitation, slavery, oppression and other injustices. Based on referrals from relief and development agencies around the world, IJM conducts professional investigations of abuses, and mobilized interventions on behalf of the victims.

And Ms. Jessica Neuwirth is president of Equality Now. I know that the ranking member of the subcommittee gave you some recognition. Welcome today.

And Ms. Dorchen Leidholdt is the co-executive director of the Coalition Against Trafficking in Women, which she helped found in 1998. An umbrella of grass-roots organizations around the world, the Coalition Against Trafficking in Women has strong, growing regional networks in Asia, Latin America and Africa.

And Ms. Lisa Thompson is the liaison for the Abolition of Sexual Trafficking for the Salvation Army USA National Headquarters. In this role she develops and coordinates the strategies for the Salvation Army to create recovery services for survivors of sexual trafficking. Ms. Thompson is a member of the Salvation Army's International Antitrafficking Task Force representing the Americas.

We welcome the witnesses to the hearing today. Without objection, your written statements will be made part of the record. You will be recognized for 5 minutes to summarize your testimony. And, Mr. O'Connor, we will begin with you. Thank you very much for being here today.

STATEMENT OF MICHAEL E. O'CONNOR, JR., DIRECTOR OF OPERATIONS, SOUTH ASIA INTERNATIONAL JUSTICE MISSION

Mr. O'CONNOR. Chairman Pryce, my name is Michael O'Connor, and I work for IJM, International Justice Mission. IJM helps rescue slaves, sex trafficking victims, forced labor victims. In 2004 alone we helped rescue more than 400 victims of slavery and sex trafficking.

The international data regarding sexual trafficking suggests it is a massive problem, but we can't forget that there are individual perpetrators and individual victims with specific names and faces, and many of these victims are children. As but one example, in February of 2003 IJM undercover investigators went into a brothel in Svay Pak, Cambodia. An investigator was offered several young girls to have either sexual intercourse or oral sex with him for \$30 an encounter. IJM then went to the Cambodia authorities. The Cambodian authorities did a raid and rescued 37 young girls, all of them under the age of 16; 10 of them were 10 years of age or younger, one of them was approximately 5 years old.

If you extrapolate on a yearly basis, the victims were producing for the brothel managers approximately \$400,000 a year in a country where the per capita income is \$2,000. This is big money, big business.

Just a couple months ago undercover agents went into a brothel in Southeast Asia where we suspected sex trafficking to be taking

place. The brothel had about 200 women and girls there. An IJM undercover investigator talked to one of the women, who said she has sex approximately five times a day, \$26 a time. Again, if you extrapolate, that brothel is pulling in approximately \$9.5 million a year. This is a lot of money.

Sex trafficking is not a crime of passion, it is an economic crime, and as an economic crime you need a market. You have drunk perverts who are trying to find these young girls to have sex with, and they find them. IJM was just an NGO, and we find them. So why can't the police find them?

Well, the answer is a complicated one, but at least in part it is because many police accept bribes. Many of the countries where sex trafficking flourishes are countries where the police make desperately woefully inadequate wages, sometimes \$40 or less per month. Meanwhile, the sex traffickers are making literally tons of money and can shower police with money to turn a blind eye.

Where is this money coming from? A lot of it is coming from abroad, internationally; a lot of it is coming from sex tourism, and sex tourism isn't hidden. You go on the Internet, you go to Google, you put "sex tourism" into its search engine, and you get approximately 1.8 million hits. The second of those hits is an organization called WSA, the World Sex Archive. It seems to me to be a place where sex tourists can compare notes about good places, bad places to go. The Website itself says on the "you need access" page, quote, "You will save tons of money by joining this site. Imagine spending a ton of cash to travel somewhere only to find yourself yanking your 'blank,'" it is a slang word for male genitalia, "because the cops busted all of the 'blank,'" a slang word for female genitalia. This would totally 'blank.' but members of WSA are informed. They know the best places to go. We have chicas to yank our 'blanks' for us."

I am not saying that all sex tourists are pedophiles, but some of them are. There is a man named Donald Bakker. He is a Canadian citizen, and the Canadian Government, the police authorities got a copy of a sex tape that he apparently made of having sex with young children, but the Canadian authorities couldn't identify who these young children were. Coincidentally, one of the Canadian cops on the case was watching a Dateline NBC special of the IJM's Svay Pak raid and noticed that the same brothel room on the Dateline piece was the brothel room that Donald Bakker had used to film his videotape. The Canadian authorities called us up, and we shared our information with them. Donald Bakker was, last month, convicted of seven counts against these young girls in Cambodia. But the unique thing is he wasn't prosecuted in Cambodia. They didn't have to ship him off to Cambodia to prosecute him, they prosecuted him in Canada. It was the first time that the Canadian authorities had done this under a new law that allows Canadian authorities to prosecute Canadians who go abroad and commit sexual acts against children abroad. It is a great law. The United States has a similar law. It is called the Protect Act. This law needs to be better publicized.

Child molesters are, in general, cowards. It is why people spend so much money to go abroad to have sex with children, because they are afraid to do so in the United States because they know

they will be prosecuted. We have got to get the word out that they will be prosecuted if they do such crimes in other countries as well.

One thing I would suggest is that in each new and each reissued passport, that just a simple fact sheet be put in that passport regarding the contours of the Protect Act so that people are put on notice. I would also suggest that people who are convicted in the United States of sex crimes against children have such convictions stamped in their passports so at the very least we put foreign governments on notice of the people that they are letting into their country.

I would like to thank, in conclusion, the Chair as well as the bipartisan efforts regarding sex trafficking. The traffickers are strong, they are united, they are committed, and we have to be committed as they are. Thank you.

Chairwoman PRYCE. Thank you very much, Mr. O'Connor.

[The prepared statement of Michael E., O'Connor Jr. can be found on page 42 in the appendix.]

Chairwoman PRYCE. Ms. Neuwirth.

STATEMENT OF JESSICA NEUWIRTH, PRESIDENT, EQUALITY NOW

Ms. NEUWIRTH. Thank you, Congresswoman Pryce, for this opportunity to testify before you. And thank you for your interest and support of efforts to combat trafficking in persons.

My name is Jessica Neuwirth, and I am the founder and president of Equality Now, an international human rights organization based in New York working for the protection and promotion of the rights of women and girls around the world.

Equality Now's membership network is comprised of more than 25,000 individuals and organizations in 160 countries. Issues of concern to Equality Now include trafficking of women and girls, as well as rape, domestic violence, reproductive rights, female genital mutilation, denial of equal access to economic opportunity and political participation, and all other forms of violence and discrimination against women and girls.

The Trafficking Victim Protection Act of 2000 recognized that sex tourism is one of the means through which commercial sexual exploitation of women and girls has contributed to the growth of the international sex industry and feeds the demand for sex trafficking. The Trafficking Victims Protection Reauthorization Act of 2003 went a step further in requiring the dissemination of materials alerting U.S. citizen travelers that sex tourism is illegal, will be prosecuted, and presents dangers to those involved.

In evaluating how other countries are addressing human trafficking, H.R. 972, the Trafficking Victims Protection Reauthorization Act of 2005, would require adding, as a minimum standard for eliminating trafficking in the State Department's annual report, measures to reduce the demand for commercial sex acts and for participation in international sex tourism. We should hold ourselves to the same minimum standard and play a leadership role for other countries in this regard.

My comments today will focus on Big Apple Oriental Tours in Bellrose and Poughkeepsie, New York, and the G&F Tours of New Orleans, Louisiana. I will speak about these sex tour companies be-

cause in their methods of operation, they demonstrate the typical activities of sex tour companies. I will also speak about them because the lack of action against them by both Federal and State prosecutors is also typical of our country's inadequate response to the demand side of the trafficking of women and children.

From its location in New York, as Congresswoman Maloney mentioned earlier, Big Apple Oriental Tours was advertising its services, communicating with potential sex tourists to persuade them to travel with Big Apple Oriental Tours, making airline and hotel reservations, and arranging for local tour guides in the destination countries to introduce men to women from whom they could buy sex. The local Big Apple representative who escorted the men to the clubs was also available to negotiate the sex acts to be purchased and their price with the mamasan who controlled the women in these bars and clubs.

G&F Tours in New Orleans is currently conducting its activities in precisely the same way, even using the same tour guide as Big Apple in Thailand.

It should be simple to prosecute a company that so blatantly accepts money to facilitate and arrange commercial sex acts. New York penal law section 23020 makes it a class A misdemeanor when a person knowingly advances or profits from prostitution. Penal law section 23025 makes it a Class D felony to knowingly advance or profit from prostitution by managing, supervising, controlling or owning, either alone or in association with others, a house of prostitution or a prostitution business or enterprise involving prostitution activity by two or more prostitutes.

Despite the clear language of the New York penal law and the uncontroversial activities of Big Apple Oriental Tours, Equality Now campaigned unsuccessfully for 7 years with the Queens County District Attorney to prosecute Big Apple Oriental Tours for promoting prostitution. Only when the case was brought to the attention of New York Attorney General Eliot Spitzer in 2003 was a civil proceeding to shut down the company undertaken, and a criminal prosecution subsequently commenced. The criminal case was dismissed, and then the dismissal was reversed on appeal. We are now waiting for another grand jury proceeding, and hoping that the case will finally go to trial.

No other State-level prosecution against sex tour operators for promoting prostitution has even been attempted, despite most States have similar prohibitions of such activities of those in New York that I just described.

I would like to note that from the beginning of our campaign 7 years ago, Congresswoman Maloney has been tremendously supportive of our efforts to close down Big Apple Oriental Tours and prosecute its owner/operators. I would like to thank her for her support, which has been instrumental in leading finally to the case currently under way.

The Federal prosecutors have been equally unwilling to address the demand for trafficked women and girls created by sex tour operators and their customers. Unless it can be proven that children are involved, they are not interested. Very often minors are involved, but it is usually impossible to prove. Moreover, as a matter

of principle as well as practicality, law enforcement interest in sex tourism should not be confined to cases involving minors.

Section 2421 of Title 18 of the United States Code, known as the Mann Act, provides a 10-year sentence for anyone who knowingly transports any individual in interstate or foreign commerce with the intent that such individual engage in prostitution or in any sexual activity for which any person can be charged with a crime.

Section 2422(a) makes it a crime for anyone who knowingly persuades, induces, entices or coerces any individual to travel in interstate or foreign commerce to engage in prostitution or in any sexual activities for which any person can be charged with a criminal offense.

These provisions of the Mann Act could be effectively used against United States sex tour operators, but the Department of Defense has so far failed to apply this statute against them. Neither of these sections requires that the individual being transported or induced or persuaded to travel in foreign commerce be the prostituted person or the victim. In other words, transporting johns in foreign commerce, which is exactly what sex tour companies do, falls within the scope of the Mann Act.

In virtually every popular sex tour destination country, such as Thailand, patronizing a prostitute is illegal, and johns can be charged with a crime for purchasing sex acts.

Although both of the Mann Act sections just described could be applied to sex tour operators who every day induce, persuade and ultimately transport individuals in foreign commerce to engage in criminal sexual activity, Equality Now has now not been successful in its efforts over the past 6 years to get the Department of Defense, United States Attorney's Offices in the Eastern District of Louisiana and the Southern District of New York to apply the Mann Act against G&F Tours—

Chairwoman PRYCE. Ms. Neuwirth, you are going to have to sum up because your time has expired.

Ms. NEUWIRTH. Sorry.

Equality Now welcomes the End Demand for Sex Trafficking Act, and thank you for your sponsorship of this bill. The bill includes the needed clarification that the Mann Act does apply to sex tour operators who transport purchasers, as well as sellers of commercial sexual acts. We hope this clarification will facilitate law enforcement efforts to end sex tourism. And more generally, we welcome the focus on demand for prostitution, which is the engine driving the commercial sex industry. Thank you.

Chairwoman PRYCE. Thank you. And I am so sorry, we are due to have another vote in about 10 minutes, so I wanted to leave time for the other witnesses as well. So thank you.

[The prepared statement of Jessica Neuwirth can be found on page 39 in the appendix.]

Chairwoman PRYCE. Ms. Leidholdt.

STATEMENT OF DORCHEN A. LEIDHOLDT, CO-EXECUTIVE DIRECTOR, COALITION AGAINST TRAFFICKING IN WOMEN

Ms. LEIDHOLDT. Congresswoman Pryce, Congresswoman Maloney, members of the subcommittee, I am grateful for this opportunity to address the subject of the economics of sex slavery.

In addition to speaking as a founder and co-executive director of the Coalition Against Trafficking in Women, which has been working against all forms of commercial sexual exploitation of women and girls since 1998, I am speaking as director of the Center for Battered Women's Legal Services, Sanctuary For Families. It is a provider of legal and social services to domestic violence victims in New York City primarily, but has assisted many victims of sex trafficking in the United States.

We have been asked to focus on the economics of the international sex trade, and this is a formidable task for several reasons. First of all, much of the industry operates underground, is run by organized crime groups that don't undergo financial audits or file tax returns. Second, only recently have criminal justice agencies had the legal mandate and motivation to investigate traffickers and other sex trade predators. And finally, myths about the agency of women in the sex industry accompanied by obliviousness to the role of men, both as patrons and profiteers, has led both governments and civil society to view the industry as inevitable, harmless, and its economics is a matter of little consequence.

Thankfully all of this has begun to change. The magnitude of the industry's harm to women and children propelled into conditions of exploitation and slavery, the millions of lives maimed and destroyed can no longer be ignored. At the same time the growth of the industry over the last two decades in particular, the enormous profits made has caused social scientists, journalists and economists to begin to pay attention and to numbers crunch. If we analyze this growing body of data while following the money trail, focusing, as the Norwegian feminist group Kvinnefronten urges us to do, on the buyer, the bought and the business, a picture of the industry's economics and its economic and human toll begins to emerge.

First the buyer. The economics of the global sex trade in women and children starts with the dollars, or pesos, or bhat in the pockets of prostitution buyers, known as johns in the United States, kerb crawlers in the United Kingdom, and more often than not as ordinary husbands and fathers in their communities. Although the amount they spend on purchased sex varies from country to country and within the sex industry's specialties, their collective demand fuels a gigantic global industry estimated by a 2004 European Parliament report to turn over more money each year than the total of all of the military budgets in the world. This doesn't include the money generated by the sex industry's Internet sites, which promote and facilitate this trade.

In the U.S. alone, Internet pornographers make an estimated \$1 billion annually, a figure that is expected to climb to 5- to \$7 billion by the year 2007.

Research shows that like perpetrators of domestic violence, the buyers of prostitution come from all races, classes, nationalities and walks of life. One study shows that about 70 to 90 percent are married men. While discretionary income facilitates their purchase of the body of a women or a child, buyers often spend income their families desperately need for necessities. Instead of being used to feed, cloth and educate their children, this money is spent in ways that place their families and communities in jeopardy, at the in-

creased risk of HIV/AIDS and the criminal activity that is part and parcel of the sex trade.

The money is also spent in ways that reinforce the buyer's perception of women as goods available for a price, a perception that is not confined to his activities with prostituted women and children, but spills over into his interactions with other women, his wife, the women in his workplace, the woman he encounters in the street. In other words, buyers' transactions inside the sex industry reinforce and bolster gender stereotyping and inequality in the rest of society.

The bought. The most acute and damaging manifestation of gender inequality, of course, is the buyer's interaction with the woman or child he purchases. Even if he does not batter or rape her, a frequent reality for sex industry victims, research demonstrates that the act that he purchases is experienced by her as a violation. One victim, who went on to found the first organization of sex industry survivors, called the sex of prostitution "bought and sold rape." a Russian trafficking victim I work with at Sanctuary for Families likens it to being strangled.

Thousands of testimonies like these gathered by social scientists and organizations conducting research into the sex trade have led many to conclude that not only is prostitution a severe practice of sex discrimination, it is a form of violence against women and children that leaves them physically and psychologically traumatized.

Often the buyer's money doesn't even make its way into the hands of the woman or girl whose body he purchases, but is handed off to the individual or group that owns her. When she does take the money, its possession is usually transitory. It is rapidly handed off to her pimp, trafficker, madam or husband, used to pay off inflated debts, or sent back to the family members who sold her into slavery.

Research shows that even for the ostensible free agent, the money made from prostitution is spent on the drugs or alcohol she needs to numb her pain and depression so that she can endure another day in the sex trade. The romantic fantasy that, quote/unquote, sex work is a means to women's economic and sexual empowerment, I think described by some of the—Congresswoman Maloney when she talked about some of the interaction with groups that have reached out to her, has been punctured by the work of organizations of sex industry survivors led by courageous women like SAGE's Norma Hotaling, Breaking Free's Vednita Carter, and GEM's Rachel Lloyd, who have documented prostitution's grim physical, psychological and economic toll, hardly a job like any other as its adherents claim.

Many organizations promoting the point of view that this is a job like any other have strong financial connections to the sex industry. A couple of years ago I met a woman who held herself out as the leader of the sex workers in Mexico City, only to learn that her real work was actually running a brothel.

Chairwoman PRYCE. Ms. Leidholdt, I will have to ask you to sum up, too. I am sorry. We will have time to get back to you all in questions.

Ms. LEIDHOLDT. I have many, many statistics about the business. I am afraid I am going to just turn to my recommendations at the very end.

When we followed the sex industry's money trail from the hands of the buyer, past the bought, into the coffers of the business, it is clear that addressing and stopping the demand for all forms of commercial sexual exploitation is essential if we are to curtail human trafficking and its devastating consequences.

The Coalition applauds the Trafficking in Persons Office for its focus on demand, and urges Federal authorities to continue to look to Sweden for inspiration and guidance. We wholeheartedly support the End Demand for Sex Trafficking Act, especially the incentive it provides State and local law enforcement to marshal their resources against the buyer and the business. We hope that the swift passage and implementation of this legislation will lead to other even stronger Federal measures that will hold accountable law enforcement agencies that violate equal protection guarantees by penalizing and stigmatizing sex industry victims while ignoring the buyers who ensure their continued exploitation.

The sex industry and its lobby have long tried to deny the link between prostitution and trafficking, even though research consistently demonstrates that most trafficking is for purposes of prostitution. If we address only one of the faces of this many-headed hydra, our efforts to stop the trafficking of women and children will be in vain. The Coalition is grateful to the Trafficking in Persons Office, which under the leadership of Ambassador John Miller has helped expose the many and interrelated facets of the global sex trade—

Chairwoman PRYCE. The gentlewoman's time has expired. Your full statement will appear in the record, and we will get back to you with questions.

[The prepared statement of Dorchen A. Leidholdt can be found on page 32 in the appendix.]

Chairwoman PRYCE. Ms. Thompson, thank you.

STATEMENT OF LISA L. THOMPSON, LIAISON FOR THE ABOLITION OF SEXUAL TRAFFICKING, THE SALVATION ARMY NATIONAL HEADQUARTERS

Ms. THOMPSON. Today we have heard human trafficking referred to as modern-day slavery, and I would like to take that slavery analogy a step further and introduce to you what I call the sexual gulag. The term "gulag" is used to describe networks of prisons or labor camps, and during the Soviet era the country built a network of prisons for slave labor called gulags so vast and brutal that the word was adopted into the English language, and its use is synonymous with inhumane and torturous prison conditions.

The Soviet regime and its gulags has collapsed, but a new gulag system has risen to take its place, the sexual gulag. The sexual gulag is a global system made up of hundreds of thousands, if not millions, of brothel, bars, strip clubs, massage parlors, escort services and streets where people are sold for sex. My use of the term "gulag" to describe this exploitation is not hyperbole. The analysis laid out in my written testimony details the many chilling similarities between the two systems, particularly the scale of the systems and the dehumanizing treatment of those within the systems. But

today we only have time to examine one point of commonality, and that is a purpose.

The primary purpose of the Soviet gulag was an economic one. They produced a third of the country's gold, much of its coal and timber, and a great deal of almost everything else. But as you will see, the Soviet gulag and the sexual gulag share the same purpose, an economic one. The principal difference between the two is that the sexual gulag limits its exploitation to one industry, the sex industry.

The value of the global trade in women as commodities for sex has been estimated to be between 7- and \$12 billion annually. However, as the information I am going to share with you demonstrates, these estimates are astonishingly low. As I share this information, it is important to keep in mind the four following items: One, all prostitution of persons under 18 is de facto sex trafficking. Two, a high prevalence of foreign-born women in a country's sex industry is highly indicative of sex trafficking. Three, the vast majority of adult women in prostitution experience levels of physical and psychological abuse that plainly classify them as victims of sex trafficking. And four, victims of sex trafficking are used in various forms of commercial sexual exploitation such as prostitution, pornography and stripping. Thus, prostitution and sexual trafficking are intrinsically related; the existence of prostitution is the only reason sex trafficking exists.

Now my main point. The sexual gulag is big business. In Japan, where prostitution is not legal, but widely tolerated, the sex industry is estimated to make \$83 billion a year. There are an estimated 150,000 foreign women in its sex industry, many from the Philippines, Thailand, Korea, Russia and Latin America.

Prostitution in the Philippines, a de facto legal industry, now is the fourth largest source of gross national product for the country. The sex industry in the Netherlands is estimated to make almost a billion a year, and it is a major destination country for trafficked women. In Germany, where prostitution is legal, an estimated 400,000 prostituted persons serve 1.2 million buyers a day, in an industry of an annual turnover of 18 billion U.S. Dollars.

Now, in Germany, one of 12 cities to hold the World Cup matches, the city is installing a series of drive-in wooden sex huts so as to capitalize on the expected boom in the local sex trade when the games are in town. In 2003, an IPO of brothel shares was introduced on Australia's stock exchange. And a 1998 study by the IOL said that the sex sector made up as much as 14 percent of Thailand's gross domestic product.

The report said, the stark reality is that the sex sector is a big business that is well entrenched in the national economies and international economy, with highly organized structures and linkages to other types of legitimate economic activity. According to the reports, the revenues generated by the sex industry were crucial to the livelihoods and earnings of potentially millions of workers beyond the, quote, prostitutes themselves. Owners, managers, pimps, related entertainment industry, segments of the tourism industry, cleaners, waitresses, cashiers, parking valets, security guards, medical practitioners, operators of food stalls, vendors of cigarettes and liquor, property owners who rent premises to providers for sexual

services are just some of those who profit from the existence of a sexual gulag.

In an interview of Ms. Lim, the woman who edited the IOL report, she said government policies had encouraged the growth of tourism, promoted migration for employment, promoted export of female labor for earning foreign exchange, and thus contributed indirectly to the growth of prostitution.

It is clear from the monumental profits generated by the sex industry that the fight against the sexual gulag is a battle like that of David against Goliath; those who have profited have grown extremely powerful, and it will take our relentless energy, creativity and sizable resources and strategic planning to bring the giant down.

Current U.S. policy recognizes the innate harm in prostitution, acknowledges the symbiosis between prostitution and sexual trafficking, and we have a national presidential security directive which makes this link. But we need to do more, including we want to see passage of the End Demand Act. We are fully behind that. But I would also suggest that the Congress mandate a report to be done by the international—in the State Department the Bureau of Narcotics and Law to look at organized crime and the financial aspects of trafficking. That would be very productive.

In addition, we need to enhance the minimum standards of the Trafficking Victims Protection Reauthorization Act to include provisions such as whether the Government of a country sponsors and supports laws tasked with reducing demand for international and domestic trafficking in persons as a tier-rating estimate, as well as whether or not the Government has legalized its sex industry. Have they legalized pimping, pandering, brothel-keeping, soliciting? These are factors that should be considered for reducing them in their tier ranking. Thank you.

Chairwoman PRYCE. Thank you very much.

[The prepared statement of Lisa L. Thompson can be found on page 47 in the appendix.]

Chairwoman PRYCE. I know that 5 minutes is not very long to devote to this very, very important subject, and I apologize, but those are the rules, and we will just try to get—and there is the votes. Well, we have probably about 5 minutes. Let me ask the first question just real quickly.

We are trying to get a handle on some money laundering and the economy that this terrible crime supports. And how do we get those statistics? Who can this committee call upon to start to educate us? Mrs. Malone and I were just saying how difficult it is to get our arms around this. Any advice to the committee?

Ms. LEIDHOLDT. Well, in preparing my testimony, I really tried to find out what information there was on money laundering, and there is very little information out there. I know that Professor Donna Hughes, who authored *The Natasha Trade*, has addressed it. And I don't know if she has testified before this subcommittee, but I think that she would be an excellent person to ask. And she has documented considerable money laundering; for example, during the late 1990s, about \$10 billion, proceeds from trafficking in weapons, drugs and prostitution in Central Europe and the United States, was laundered through the Bank of New York by a Ukrainian-

ian-born crime boss. She has also documented a great deal of money laundering of the profits of prostitution and sex trafficking from Eastern Europe into businesses, banks, and real estate ventures in Israel. So I think Professor Hughes might be a good person to reach out to.

Chairwoman PRYCE. Ms. Thompson, you mentioned that Treasury is a good place to start.

Ms. THOMPSON. The State Department's Bureau of International Narcotics and Law, they already do investigations on organized crime, and we just need to ask them to expand their purview and look at trafficking. It is under the global—under Paula Dobriansky's office at the State Department.

Chairwoman PRYCE. Mr. O'Connor.

Mr. O'CONNOR. On page 13 of the Trafficking in Persons Report, it says that the FBI estimates there is \$9.5 billion in revenues spent each year in human trafficking. It would be fascinating to have someone from the FBI testify on how those numbers were gathered.

Chairwoman PRYCE. Mrs. Maloney, I will yield to you.

Mrs. MALONEY. There is just so much to ask, and we have to go vote.

I consider sex trafficking and prostitution violence against women the worst form—I consider any discrimination violence against women, and I consider this the worst form. But since we have been working on it, believe it or not I have been contacted by several unions to, quote, legalize prostitution and to make it a clear distinction between prostitution and trafficking. And they find it offensive that as, quote, sex workers that enjoy their trade, that we are acting like they are incapable of making decisions on their own.

And to me, I have a visceral reaction against the entire trade. I feel it is exploitation—I cannot imagine any other reason but exploitation. But I wanted to give that to you to hear what your response is to that.

We live in a free society. One of our States, Nevada, has legalized prostitution. And if you want to think about it and get back to us in writing, or if you could respond to it. It caught me totally off guard. I did not even know what to say, because in my opinion it is exploitation and violence. Would anyone like to comment?

Ms. NEUWIRTH. I would like to comment briefly on that, I think there are two categories of support for prostitution coming from a different place. One, the idea—it is an ideology support, that prostitution equals work; it is a form of labor that should be recognized and legitimated. And I think we simply just disagree with that, it is wrong. If you look in the trafficking report, figures are quoted, 89 percent of the women in prostitution want to escape. I don't think most people see this as a form of work, but there is an ideology minority that has been put there for that position.

I think more commonly what you find is people are coming at it from a humanitarian point of view: We want to help these women; if we make it legal, it will be safer. Again, I feel that is completely the wrong direction. And that was an argument that was made, of course, with respect to slavery, let's just make it safer, more manageable; don't put all the slaves in a hold. It is just the wrong way to think about it. We want to end this institution. And before we

talk about the right of prostitution, we should talk about the right to not have to be a prostitute.

Mrs. MALONEY. Any other comments?

Ms. LEIDHOLDT. Well, I am just very suspicious. Who are these unions; and in fact, are these really the voices of women who have been in prostitution? I mean, one thing we find, a little bit like domestic violence, when you are in an abusive and oppressive system, you don't have the freedom to speak out against it, and you say what your masters want you to say. Once you get out, you hear something very different. Norma Hotaling represents that point of view.

But when we have looked at who is speaking out and saying this is a job like any other job, this is free choice, very often we are finding groups with very, very close ties to the sex industry. I mean, the sex industry has a lot of money and a lot of power, and many of these groups are indebted to the sex industry financially.

Ms. THOMPSON. And just earlier we were speaking among ourselves, and Jessica made an incredibly poignant point about how legalization really creates the perfect umbrella for money laundering; what a better opportunity than when you normalize an activity that you can hide, you know, criminal activity under that legal regime. So I think that would be another compelling reason not to legalize.

But like in the United States, the average age of entry into prostitution is between 12 and 14. So we are talking about children coming into prostitution, grow up in prostitution; one day they are a victim, the next day this is a choice. Now, that is simply because of a misunderstanding about what is going on in prostitution. And to quote one survivor, she said, "You feel like a piece of hamburger meat, all chopped up and barely holding together." And that is the predominant view. There is always going to be, as Jessica pointed out, the minority of people who have experienced prostitution who tout it as liberating, but that is the minority.

Mrs. MALONEY. Sir.

Mr. O'CONNOR. I can talk about minors. We rescue 15-, 16-, 17-year-old girls. If we can get them out of the brothels within a month or two of them getting there, they are always very thankful. If we get them out 5, 6, 10 months after they get there, they are not thankful at all when we first rescue them.

These are orphans, or people who have been isolated from their families. They have been brutalized, and they have been told that the police will rape them if they are rescued. They are extremely afraid. And so when you see a 15-year-old telling you that, no, she wants to go back to the brothel, it is devastating.

Mrs. MALONEY. I just to want say—our time is up, but I think all of you are extraordinary, and your testimony was incredibly moving. I could listen to you all day. But we will not be coming back, the Chairwoman tells me, but if you could get to us any examples of what you have heard that is happening in the States around our country in combating this violence, it would be helpful.

And also, I think the story of Jessica Neuwirth with Big Apple Tours, where it is obviously against our laws, against the laws of the other countries, yet the law enforcement people we went to—and we went to many, many offices—said they were powerless to

react to it. And it shows the need, that we do need the law that we are working on. And if you have other ways that you think we should—other things we should be working on, if you could get it to us, we would really appreciate it. Thank you very much.

Chairwoman PRYCE. Ms. Moore, you have been patient. And there is probably about 7 minutes left. Would you like to take just a few minutes and ask a question or two?

Ms. MOORE. Thank you so much, Madam Chair. I, too, am very, very interested in this topic, and I appreciate the thrust and focus of this panel to look at the buyers in the industry. One of my trepidations about this topic has always been to wage some enforcement battle against the victims, and so I am happy to see this focus. Thank you.

Chairwoman PRYCE. Thank you. And once again, the record will remain open for 30 days for any member who was here—or even who wasn't here—who would like to put forth some questions. And so if you wouldn't mind answering those if any come forward, we would really appreciate it.

Chairwoman PRYCE. The demands of a congressional day in terms of our voting schedule are really not of our own making, and we just don't have any control over them, but we do so much appreciate what we know you do day in and day out, and once again, is it is so hard to sum up in 5 minutes. But hopefully we will continue in this battle together. Thank you for your presence here today, and we are adjourned.

[Whereupon, at 3:33 p.m., the subcommittee was adjourned.]

A P P E N D I X

June 22, 2005

**Statement of Chairman Deborah Pryce
Financial Services Subcommittee on Domestic and International
Monetary Policy
June 22, 2005 2PM**

I'd like to welcome everyone this afternoon. Today we are convening the second in a series of hearings in this Subcommittee on the very serious issue of trafficking in persons.

At our first hearing in April, we heard testimony from a great leader at the State Department's Trafficking in Persons office, Ambassador John Miller. Ambassador Miller offered a thorough and passionate testimony about U.S. efforts to combat trafficking here and abroad.

We also heard from Ms. Norma Hotaling, Executive Director and Founder of the SAGE Project in San Francisco. Norma turned her own experience with homelessness, addiction, and sexual exploitation into a mission to make it easier for other women, men, and youth who want to leave the sex trade

behind, and find their way from the harsh effects of sexual exploitation to leave the sex trade behind.

Ms. Tina Frundt (pron: FRONT), our final witness, courageously offered her firsthand experience as a victim of sex trafficking and sexual exploitation in the United States. Her harrowing encounters of victimization by pimps and johns put a human face on this tragedy and shed light on an issue that is all too often kept in darkness.

I expect today's hearing to further expose members of this Subcommittee, members of the media, and the public to the multi-faceted and destructive issues surrounding human trafficking, including the significant economic and financial implications.

Today's hearing is timely for a number of reasons.

First, in stating the obvious, modern day slavery will be a timely issue to debate in the halls of Congress and in communities across the world until it

has its own chapter – complete with a start and a finish – in the history books of every country in the world.

Second, just a few weeks ago, Ambassador Miller's Trafficking in Persons office at the State Department released its much anticipated Trafficking In Persons Report for 2005. The State Department is required by law to submit a report each year to Congress on the efforts of foreign governments to eliminate severe forms of trafficking in persons. This report, covering April 2004 to March 2005, is the fifth annual TIP Report.

The intent of the Report is to raise global awareness and prompt foreign governments to combat all forms of trafficking in persons. The Report highlights the "three P's" – prosecution, protection, and prevention, and the "three R's" – rescue, rehabilitation, and reintegration. There is great significance in this marriage between the Ps and the Rs, and we need to focus on both in order to fully understand and tackle the scope of the problem.

During my time overseas meeting with NGOs and victims, I saw firsthand the great potential to make this holistic approach work.

While no country I visited came close to perfecting this approach in its entirety, I witnessed improved prosecution efforts in Albania and the implementation of better prevention and reintegration efforts in Moldova, showing that progress can be made with commitment and coordination across the globe. Countries, including the U.S., must strive to implement all aspects of this victim-centered approach to fighting trafficking.

The 2005 Report gave a Tier 3 classification to 14 of the 150 countries that were assessed. A Tier 3 country fails to take significant actions to bring itself in compliance with the minimum standards for eliminating trafficking in persons. Such an assessment can trigger the withholding of non-humanitarian, non-trade-aid and U.S. opposition to assistance from public lenders such as the International Monetary Fund or the World Bank.

One country on the Tier 3 list has already ignited action. Jamaica, a country previously on the Tier 2 list, was downgraded for failure to follow through on previous commitments to strengthen law enforcement and protection measures.

Not long after the report's release, the Jamaican Prime Minister disclosed in a meeting with several journalists that a Cabinet Office group consisting of representatives of the ministries of health, education, and foreign affairs; the Attorney General's office; and immigration authorities would be established to act on the findings of the report and review existing law to identify areas to improve.

Several countries that were on the Tier 3 list last year jumped up a notch this year. For example, Bangladesh showed a strong commitment to implementing anti-trafficking efforts over the last year. The country established an anti-trafficking committee to oversee its national efforts to combat the issue, and set up a much anticipated special anti-trafficking police unit, which initiated new investigations while rescuing more victims.

And, in South America, Guyana's president facilitated the enactment of the country's first anti-trafficking law and launched a country-wide awareness campaign on the dangers and risks.

The Report revealed that progress is being made in the campaign to combat sexual slavery and other forms of forced servitude. New anti-trafficking measures were enacted in 39 countries last year, and there were more than 3,000 convictions worldwide related to trafficking.

Upon release of the report, Ambassador Miller was quoted as saying "Shining through this global tragedy are many rays of hope. In addition to the tremendous efforts of heroic individuals and private organizations, governments around the globe are awakening to this issue and taking action to end this form of modern day slavery."

Though there is still much work to be done, the U.S. is putting its laws to work. In 2003, "Operation Predator" was launched within the Department of Homeland Security and the Immigration and Customs Enforcement Agency.

This marked an unprecedented initiative to protect children worldwide from sexual predators, including those who travel overseas for sex with minors; Internet child pornographers; and child sex traffickers.

Operation Predator targets U.S. citizens suspected of sex crimes against children as well as non-citizens whose child sex crimes render them deportable from the U.S. Since its inception, there have been more than 5,700 individuals arrested nationwide, including 14 arrests brought under the child sex tourism provisions of the PROTECT Act.

While progress has been made to combat human trafficking, sobering statistics linger:

- An estimated 600,000 to 800,000 people are trafficked across international borders each year, of which 80 percent are females and 50 percent are minors.

- According to a recent study by the International Labor Organization, a special agency of the United Nations that seeks to promote human and labor rights, at least 12.3 million people are trapped in forced labor across the globe.
- Of this number, over 2 million are victims of human trafficking and 1.2 million are children forced into prostitution, drug trafficking, and armed conflict.
- These victims of trafficking are an enormous source of revenue for organized crime. The ILO study estimates that \$44 billion in global profits is brought in annually from forced labor, including \$15 billion from victims of trafficking in persons.

This report offers us evidence that there is much to learn about how effectively, or ineffectively, we are following the money and enforcing existing anti-money laundering laws to deprive criminals of the economic gains associated with the global sex trade.

There is not one clear cause of modern day slavery, nor is there one clear solution. But, there is a clear goal – to stamp out this global crisis for good.

As President George W. Bush so movingly stated in his 2005 Inaugural Address to the nation, a statement that Secretary Condoleezza Rice reminded us of upon release of the 2005 TIP Report, "America will not pretend that the jailed dissidents prefer their chains, or that women welcome humiliation and servitude, or that any human being aspires to live at the mercy of bullies."

That is why we have convened today. That is why we must not stop until we end the victimization of men, women and children across the globe. That is why we must continue to raise awareness and build support for restoring the most basic of human rights to those who have been swept up in the tidal wave of the modern day slave trade.

I want to thank the witnesses who have joined us here today. You each bring a unique perspective, and we appreciate your time, energy, and courage to educating us about this global crisis.

I'd like to now acknowledge the gentlewoman from New York, Mrs. Carolyn Maloney. Her passion for tackling this crisis is admirable, and I have very much enjoyed working with her in our shared goal to shed light on the sad and sobering issue of human trafficking.

Congresswoman Barbara Lee
DIMP Hearing on Combating Trafficking in Persons
June 22, 2005

Thank you Madame Chair.

Let me first thank you and Ranking Member Maloney for organizing this important hearing.

Human trafficking is a horrendous and perverse practice that is akin to modern day slavery. It contributes to the objectification of women and perpetuates gender inequality, and it must be stopped.

As a member of the International Relations Committee, and as a vocal advocate against the global HIV/AIDS pandemic, I believe very strongly that we can and must do more to fight human trafficking.

Even as we deplore the practice of trafficking, and as we work to prosecute those who engage in it, we must also eliminate the underlying factors that cause it. Otherwise we will never be able to end this terrible practice.

We've got to focus on alleviating poverty; and strengthening weak or corrupt judicial systems that ignore trafficking, or worse look the other way.

Most importantly we've got to focus on women.

We have to make sure that women and girls have the opportunity to get an education, to learn a trade and earn a living, to feed and clothe their children, and to own and inherit property. And we've got to empower women so that they are truly in charge of their own bodies.

This is not just a law enforcement issue. It's a human rights issue.

So I hope that as we proceed with the hearing today we keep that in mind.

Thank you and I yield back.

Questions for the Panel:

It seems to me that there is a lot of energy directed towards addressing the victims of sex trafficking and prosecuting the offenders, and rightly so, but that some of the fundamental reasons for why women and girls are vulnerable to being trafficked are often ignored or unaddressed.

This kind of approach seems almost piecemeal in many ways, and ignores the broader human development issues that are at stake, like poverty and the unequal status of women.

We know that women and girls living in abject poverty are often lured unwittingly into sex work through promises of money and a better life. If we could provide these women with other options then perhaps they wouldn't be vulnerable to being trafficked in the first place.

At the same time we should also be trying to empower women to take control of their lives and to guarantee them legal protections and the rights to exercise them.

To do these things we need to embrace a robust foreign assistance program that goes beyond a single issue.

Earlier this month the British Prime Minister, Tony Blair, came to the US to plead for the President's support for just such an initiative for Africa. But as we all know, the President offered up a paltry \$674 million that was already appropriated by Congress.

What I want to know is what are your organizations doing to support the creation of economic opportunities for women vulnerable to sex trafficking?

What are you doing to communicate to the United States and other governments the urgent need for more foreign assistance for poverty reduction and alleviation initiatives so that we can make better progress on trafficking?

**Hearing Before the Subcommittee on Domestic and International Monetary
Policy, Trade, and Technology
House of Representatives**

One Hundred and Ninth Congress

“Combating Trafficking in Persons: An International Perspective”

June 22, 2005: “The Economics of Sex Slavery: Follow the Money Trail”

Testimony of Dorchen A. Leidholdt, Esq.

**Co-Executive Director, Coalition Against
Trafficking in Women (CATW)
Director, Sanctuary for Families’
Center for Battered Women’s Legal Services**

Congresswomen Pryce and Maloney, members of the Subcommittee on Domestic and International Monetary Policy, Trade, and Technology, I am grateful for this opportunity to address the subject of the economics of sex slavery. I speak as the Co-Executive Director of the Coalition Against Trafficking in Women, a non-governmental organization working since 1988 to end all forms of commercial sexual exploitation of women and girls, especially through sex trafficking, sex tourism, and prostitution.

The Coalition is made up of networks in Asia, Latin America, Africa, Europe, North America, and Australia that work to prevent the sex industry's exploitation and abuse of women and girls, to protect its victims, and to prosecute and punish all those involved in this brutal trade. The Coalition has conducted pioneering research into the trafficking of women, including the first comprehensive study of sex trafficking into the United States, funded by the National Institute of Justice. Our organization has funded and assisted trafficking prevention programs in Venezuela, the Philippines, Mexico, the Republic of Georgia and supported services for Nigerian and Albanian sex trafficking victims in Italy. The Coalition played a key role in drafting the Trafficking Protocol to the United Nations Convention Against Transnational Organized Crime. More recently, the Coalition, together with the European Women's Lobby, has spearheaded a project to address gaps in gender equality, the demand for trafficking, and the link between trafficking and prostitution in 12 European countries contending with escalating rates of trafficking: Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Moldova, Poland, Russia, and Serbia and Montenegro.

I was asked to focus on the economics of the international sex trade. This is a formidable task for several reasons. First, much of the industry operates underground, run by organized crime groups that don't undergo financial audits or file tax returns. Second, only recently have criminal justice agencies had the legal mandate and motivation to investigate traffickers and other sex trade predators. Third, myths about the agency of women in the sex industry accompanied by obliviousness to the role of men, both as patrons and profiteers, has led both governments and civil society to view the industry as inevitable and -harmless and its economics as matter of little consequence or concern.

All this has begun to change. The magnitude of the industry's harm to the women and children propelled into conditions of exploitation and slavery—the millions of lives maimed and destroyed—can no longer be ignored. At the same time the growth of the industry over the last two decades—the enormous profits made—has caused social scientists, investigative journalists, and economists to begin to pay attention and to numbers crunch. If we analyze this growing body of information while following the money trail—focusing, as the Norwegian feminist group Kvinnefronten urges us to do, on “the buyer, the bought, and the business”—a picture of the industry's economics and its economic and human toll begins to emerge.

The “Buyer”

The economics of the global sex trade in women and children starts with the dollars (or reais, pesos, rupees, won, yen, bhat, or yuan) in the pockets of the prostitution buyers, known as “johns,” in the U. S., “kerb crawlers” in the U.K., and more often than not as ordinary husbands and fathers in their communities. Although the amount they spend on purchased sex varies from country to country and within the sex industry's specialties, their collective demand fuels a

gigantic global industry estimated by a 2004 European Parliament report to turn over more money each year than the total of all of the military budgets in the world (Eriksson, 2004). This does not include moneys generated by the sex industry's internet sites, which promote and often facilitate the trade in women and children. In the U.S. alone, internet pornographers make an estimated 1 billion dollars annually, a figure that is expected to climb to 5 to 7 billion dollars by 2007 (National Research Council).

Research shows that like perpetrators of domestic violence, the buyers of prostitution come from all races, classes, nationalities, age groups and walks of life. According to a study on sex trafficking in the U.S., about 70 to 90 percent of buyers are married men (Hughes 2001). While discretionary income facilitates their purchase of the body of a woman or child, buyers often spend income their families desperately need for necessities. Instead of being used to feed, clothe, and educate their children, this money is spent in ways that place their families and communities in jeopardy—at the increased risk of HIV/AIDS and the criminal activity that is part and parcel of the sex trade. The money is also spent in ways that reinforce the buyer's perception of women as goods available for a price—a perception that is not confined to his activities with prostituted women and children but spills over into his interaction with other women—his wife, the women in his workplace, the women he encounters in the street. In other words, buyers' transactions inside the sex industry reinforce and bolster gender stereotyping and inequality in the rest of society. The Preamble to the 1949 Convention captures this reality: “[P]rostitution and the accompanying evil of the traffic in persons . . . are incompatible with the dignity and worth of the human person and endanger the welfare of the individual, the family and the community.”

The “Bought”

The most acute and damaging manifestation of gender inequality, of course, is the buyer's interaction with the woman or child he purchases. The U.S. estimates that, of the approximately 600,000 to 800,000 men, women, and children trafficked across international borders each year, 80 percent are women and girls and up to 50 percent are minors. The data also illustrate that the majority of transnational victims are trafficked into commercial sexual exploitation (U.S. Trafficking in Persons Report 2004).

Even if he does not batter or rape her—a frequent reality for sex industry victims—research demonstrates that the act that he purchases is experienced by her as a violation. One victim, who went on to found the first organization of sex industry survivors, called the sex of prostitution “bought and sold rape.” A Russian trafficking victim I work with at Sanctuary for Families likens it to being strangled. Thousands of testimonies like these, gathered by social scientists and organizations conducting research into the sex trade, have led many to conclude that not only is prostitution a severe practice of sex discrimination, it is a form of violence against women and children that leaves them physically and psychologically traumatized.

This form of violence against women is rarely identified as such. Unlike other forms of gender-based violence, the violence carried out by the sex industry is immensely profitable; these profits

purchase complicity and silence. In addition, devastated and stigmatized by their exploitation and abuse, few sex industry victims are able to speak out and even fewer are heard.

Often the buyer's money doesn't even make its way into the hands of the woman or girl whose body he purchases but is handed off to the individual or group that owns her. When she does take the money, its possession is usually transitory: it is rapidly handed off to her pimp, trafficker, madam, or husband; used to pay off inflated debts; or sent back to the family members who sold her into slavery. Research shows that, even for the ostensible free agent, the money made from prostitution is spent on the drugs or alcohol she needs to numb her pain and depression so that she can endure another day in the sex trade. The romantic fantasy that "sex work" is a means to women's economic and sexual empowerment has been punctured by the work of organizations of sex industry survivors led by courageous women like Sage's Norma Hotaling, Breaking Free's Vednita Carter, and GEM'S Rachel Lloyd, who have documented prostitution's grim physical, psychological, and economic toll, hardly "a job like any other," as its adherents claim. All of the evidence points to the undeniable fact that the vast majority of women leave the sex industry even more impoverished and broken than when they entered it.

The "Business"

Instead of ending up with the women and children they use, the dollars spent by buyers on prostitution fatten the bank accounts of a wide variety of sex industry profiteers, ranging from individual criminals and loosely or highly structured criminal organizations, including pimps, traffickers, brothel owners, and their agents, to legitimate businesses—travel agencies, hotels, clubs, and restaurants. The global sex trade in women and children is an industry that is growing at an astronomical rate, facilitated by market privatization and liberalization, as well as by the advance of computer technologies. As Professor Donna Hughes explains in "The Natasha Trade," these factors work together to make it easier and safer for sex industry entrepreneurs to start, expand, and finance their criminal enterprises as well as to transfer and launder money gained from sex trafficking and other forms of prostitution. For example, during the late 1990's about \$10 billion was laundered through the Bank of New York by Ukrainian-born crime boss Semion Mogilevich, who ran a network trafficking in weapons, drugs, and prostitution in Central Eastern Europe and the U.S (Hughes 2001). In Israel, Eastern European crime cartels have laundered billions of dollars of sex industry profits through banks, real estate, and legitimate businesses (Hughes 2001).

The money that the illegal portion of this global industry turns over has been estimated in the thousands of billions of dollars; the money generated specifically by sex trafficking at 7 billion dollars annually, although Interpol has given a higher estimate of 19 billion dollars (Eriksson 2004). This year the ILO issued a report that estimates profits from forced commercial sexual exploitation at \$27.8 billion a year or \$23,000 per victim ("A Global Alliance Against Forced Labor"). (The ILO misguidedly uses the term "worker" instead of "victim.")

Human trafficking constitutes one of the most profitable enterprises for international organized crime, second only to trafficking in drugs and weapons and less likely to result in criminal prosecution. The fact its human merchandise can be sold over and over—from agency to agency and customer to customer, often multiple times in a single evening—makes it especially lucrative

for the sellers. As Professor Hughes, points out, “Trafficking in women has arguably the highest profit margin and lowest risk of almost any type of illegal activity.”

Profits generated by the sex industry are so enormous that they now constitute a significant portion of the gross domestic product of many countries. The ILO’s controversial report, “The Sex Sector,” estimated that sex industry output accounts for between two and fourteen percent of the gross domestic product (GDP) of Indonesia, Malaysia, the Philippines, and Thailand. Korea’s Institute of Criminology estimated that in the year 2002 the total profit from the sex industry and related sectors reached as much as 4.4 percent of Korea’s GDP, almost equal to the profits of the agriculture, forestry and fishing industries combined. Asia is not alone in the profits reaped by a burgeoning sex industry. The 2,000 brothels and numerous escort agencies of the Netherlands constitute a \$1 billion dollar a year business, making up a staggering 5 percent of the Dutch GDP.

Governments’ Response

The huge profits the sex industry generates have led to vastly different approaches and responses from governments and politicians. One constituency views the sex industry as a valuable source of tax revenue and has worked, often with the encouragement of sex industry entrepreneurs, to legitimize and regulate prostitution as work. This group contends that the only way to bring the sex industry under control and check its worse abuses is to confine it to tolerance zones or regulate it.

While sometimes well intended, such schemes have proved to be little more than a blank check to the sex industry. Claiming to hope to contain the expansion of its sex businesses, over the last decade the government of the Netherlands has moved from a policy of tolerance to outright legalization. During this time the size of the Dutch sex industry has increased by 25%. Although tolerance and legalization were intended to curtail trafficking, one recent investigative report found that 80% of women in Dutch brothels were immigrants and sex trafficking of adults has increased. ChildRight, a respected Amsterdam-based NGO, reports that the number of children in prostitution in the Netherlands has increased from 4,000 in 1996 to 15,000 in 2001, with thousands trafficked from countries like Nigeria. In the Netherlands and elsewhere, legalization has conferred power, respectability, and influence on sex industry professional associations, lobbyists, and lawyers, who join forces with advocacy groups for prostitution buyers to elect officials who support “the business” and promote its normalization and expansion.

During hearings on “The Consequences of the Sex Industry in the EU, held by the European Parliament in January 2004, Marianne Eriksson, Swedish Minister of Parliament, characterized this state of affairs in a report subsequently issued by the European Parliament’s Women’s Rights Committee. MEP Eriksson stated, “In recent years, several of the EU Member States have capitulated and, instead of fighting against such exploitation of human beings, have accepted the prevailing situation and, through legalization and regulation of prostitution, have helped to make what was previously a criminal activity part of the legal economic sector. The Member State then becomes part of the sex industry, yet another profiteer on the market.” Were these governments to weigh the revenue brought into national economies and budgets by the sex

industry against its social and economic costs, they would quickly realize that it is the latter that tips the scales. What is not being factored into national policy decisions to tolerate or legalize the sex industry is the cost to society of the lost contributions of sexually exploited women and children, and the cost to governments of treating and rehabilitating them, and the cost to governments and communities of the sex industry's crime and discrimination.

Other governments have resisted the lure of sex industry dollars, focusing instead on the industry's devastating impact on the equality of its female citizens and harm to victims. Since January 1, 1999, Sweden has developed and passed an array of groundbreaking laws that address prostitution and trafficking as practices of violence and discrimination against women and girls. These laws strengthen penalties against traffickers and other sex industry entrepreneurs; direct services to victims while eliminating penalties against them; and criminalize the purchase of sexual services, recognizing that it is the buyer not the bought who should be sanctioned and punished.

The Swedish government has not been satisfied only to pass and enforce new legislation. It has strived to establish new norms of zero tolerance for prostitution and trafficking through intensive public education campaigns within Sweden and regionally through a Nordic Baltic campaign. The campaign within the receiving countries targets potential and actual buyers, warning them that prostitution is a crime.

Has the Swedish approach been effective in curtailing sexual exploitation? Since the law went into force the incidence of street prostitution has decreased by at least 50 percent and the recruitment of new women for street prostitution has ground to a halt. The most important effect of the law, however, has been its impact on trafficking. While Sweden's Nordic neighbors have seen a sharp escalation in sex trafficking since 1999, trafficking into Sweden has declined. Swedish law enforcement officials have received communications from Europol and national police forces in other European countries that traffickers are averse to Sweden. As Swedish anti-trafficking expert Gunilla Ekberg points out, "Traffickers and pimps are businessmen who calculate profits, marketing factors, and risks of getting caught when they decide which countries to sell women into. Sweden is no longer a good place for traffickers to do business."

Last year, the Korean government followed Sweden's example, passing and implementing new laws against the Korean sex industry that feature strong penalties against the business and its buyers. In spite of the enormous profits at issue, the Korean government made an emphatic statement, through its new law, that the sex industry's economic and human cost to Korean society outweighs the value of its revenue to the Korean GDP. (Financial analysts estimated that the new law would eliminate about one percent of Korea's GDP in 2005.)

Conclusions and Recommendations

When we follow the sex industry's money trail—from the hands of the buyer, past the bought, into the coffers of the business—it is clear that addressing and stopping the demand for all forms of commercial sexual exploitation is essential if we are to curtail human trafficking and its devastating consequences to individuals and society. It is a tautology that the profits generated by the activities of the prostitution buyer constitute the foundation and *raison d'être* of the 7

billion-a-year global sex trafficking business. The Coalition applauds the Trafficking in Persons Office for its focus on demand and urges federal authorities to continue to look to Sweden for inspiration and guidance. We wholeheartedly support the End Demand for Sex Trafficking Act of 2005, especially the incentive it provides state and local law enforcement to marshal their resources against the buyer and the business. We hope that the swift passage and implementation of this legislation will lead to other, even stronger federal measures that will hold accountable law enforcement agencies that violate equal protection guarantees by penalizing and stigmatizing sex industry victims while ignoring the buyers who ensure their continued exploitation.

The sex industry and its lobby have long tried to deny the link between prostitution and trafficking, even though research consistently demonstrates that most trafficking is for purposes of prostitution and that the component parts of the global sex trade—trafficking, sex tourism, and prostitution—are inextricably linked. If we address only one of the faces of this many-headed hydra, our efforts to stop the trafficking of women and children will be in vain. The Coalition is grateful to the Trafficking in Persons Office, which, under the leadership of Ambassador John Miller, has helped expose the many and interrelated facets of the global sex trade.

The normalization and legalization of prostitution represents the triumph of sex industry profits over gender equality and human rights. It is a government's ultimate gift to traffickers and its ultimate blow to their victims, representing nothing less than state-sanctioned exploitation and abuse. Unfortunately, to date, the Tier System created by the Trafficking Victims Protection Act of 2000 has ignored this reality, placing wealthy countries that legalize and profit from prostitution in the highest tier, Tier I, alongside countries that have directed their laws and dedicated their resources to fighting the sex industry's buyers and business. This must change. The Coalition Against Trafficking in Women endorses and supports the efforts of Ambassador Miller and the Trafficking in Persons Office to educate governments and the public about the role played by legalization in increasing the incidence of sex trafficking. This effort would be strengthened significantly if the Tier System were used to deter governments from going down this misguided and dangerous path.



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Sex Tourism: Addressing the Demand for Trafficking Testimony by Jessica Neuwirth, President of Equality Now

Thank you for this opportunity to testify before you, and thank you for your interest in and support for efforts to combat trafficking in persons. My name is Jessica Neuwirth and I am the founder and President of Equality Now, an international human rights organization based in New York working for the protection and promotion of the rights of women and girls worldwide. Equality Now's membership network is comprised of more than 25,000 individuals and organizations in 160 countries. Issues of concern to Equality Now include trafficking of women and girls, rape, domestic violence, reproductive rights, female genital mutilation, denial of equal access to economic opportunity and political participation, and all other forms of violence and discrimination against women and girls.

The Trafficking Victims Protection Act of 2000 recognized that sex tourism is one of the means through which the commercial sexual exploitation of women and girls has contributed to the growth of the international sex industry and feeds the demand for sex trafficking. The Trafficking Victims Protection Reauthorization Act of 2003 went a step further in requiring the dissemination of materials alerting U.S. citizen travelers that, "sex tourism is illegal, will be prosecuted, and presents dangers to those involved". In evaluating how other countries are addressing human trafficking, HR 972, the Trafficking Victims Protection Reauthorization Act of 2005, would require adding as a minimum standard for eliminating trafficking in the State Department's annual report, "measures to reduce the demand for commercial sex acts and for participation in international sex tourism". We should hold ourselves to the same minimum standard and play a leadership role for other countries in this regard.

My comments today will focus on Big Apple Oriental Tours of Bellerose and Poughkeepsie, New York and G&F Tours of New Orleans, Louisiana. I will speak about these sex tour companies because in their methods of operation they demonstrate the typical activities of sex tour companies. I will also speak about them because the lack of action against them by both federal and state prosecutors is also typical of our country's inadequate response to the demand side of the trafficking of women and children.

From its locations in New York, Big Apple Oriental Tours was advertising its services, communicating with potential sex tourists to persuade them to travel with Big Apple Oriental Tours, making airline and hotel reservations, and arranging for local tour guides in the destination countries to introduce men to women from whom they could buy sex. The local Big Apple representative who escorted the men to the clubs was also available to negotiate the sex acts to be purchased and their price with the "mamasan" who controlled the women in these bars and clubs. G&F Tours in New Orleans conducts its activities in precisely the same way, even using the same tour guide as Big Apple in Thailand.

It should be simple to prosecute a company that so blatantly accepts money to facilitate and arrange commercial sex acts. New York Penal Law Section 230.20 makes it a Class A misdemeanor when a person “knowingly advances or profits from prostitution”. Penal Law Section 230.25 makes it a Class D felony when a person “knowingly advances or profits from prostitution by managing, supervising, controlling or owning either alone or in association with others, a house of prostitution or a prostitution business or enterprise involving prostitution activity by two or more prostitutes”.

Despite the clear language of the New York Penal Law and the uncontroversial activities of Big Apple Oriental Tours, Equality Now campaigned unsuccessfully for seven years with the Queens County District Attorney to prosecute Big Apple Oriental Tours for promoting prostitution. Only when the case was brought to the attention of New York Attorney General Eliot Spitzer in 2003 was a civil proceeding to shut down the company undertaken and a criminal prosecution subsequently commenced. The criminal case was dismissed and then the dismissal was reversed on appeal. We are now waiting for another grand jury proceeding and hoping the case will go to trial. No other State level prosecution against sex tour operators for promoting prostitution has even been attempted despite most states having similar prohibitions of such activities as those of New York that I just described. I would like to note that from the beginning of our campaign seven years ago, Congresswoman Maloney has been tremendously supportive of our efforts to close down Big Apple Oriental Tours and prosecute its owner/operators. I would like to thank her for this support, which has been instrumental in leading finally to the case currently underway.

Federal prosecutors have been equally unwilling to address the demand for trafficked women and girls created by sex tour operators and their customers. Unless it can be proven that children are involved, they are not interested. Very often minors are involved, but it is usually impossible to prove. Moreover, as a matter of principle as well as practicality, law enforcement interest in sex tourism should not be confined to cases involving minors. Section 2421 of Title 18 of the United States Code, known as the Mann Act, provides a ten year sentence for anyone who “knowingly transports any individual in interstate or foreign commerce . . . with the intent that such individual engage in prostitution or in any sexual activity for which any person can be charged with a crime, or attempts to do so.” Section 2422(a) makes it a crime for anyone who “knowingly persuades, induces, entices, or coerces any individual to travel in interstate or foreign commerce . . . to engage in prostitution, or in any sexual activity for which any person can be charged with a criminal offense, or attempts to do so.” These provisions of the Mann Act could be effectively used against United States sex tour operators but the Department of Justice has so far failed to apply this statute against them. Neither of these sections requires that prostituted person or victim be a minor and neither of these sections requires that the individual being transported or induced or persuaded to travel in foreign commerce be the prostituted person or victim. In other words, transporting “johns” in foreign commerce, which is exactly what sex tour companies do, falls within the scope of the Mann Act.

In virtually every popular sex tour destination country, such as Thailand, patronizing a prostitute is illegal and “johns” can be charged with a crime for purchasing sex acts. Although both of the Mann Act sections just described could be applied to sex tour operators who every day induce, persuade and ultimately transport individuals in foreign commerce to engage in criminal sexual activity, Equality Now has not been successful in its efforts over

the past six years to get the Department of Justice and the United States Attorneys Offices in the Eastern District of Louisiana and Southern District New York to apply the Mann Act against G&F Tours. By its failure to use the Mann Act against sex tour operators like G&F Tours, the Department of Justice has created a *de facto* narrowing of that law's application.

Equality Now welcomes the End Demand for Sex Trafficking Act of 2005, HR 2012, and we thank Congresswoman Pryce and Congresswoman Maloney for their sponsorship of this bill. The bill includes a needed clarification that the Mann Act does apply to sex tour operators who transport purchasers as well as sellers of commercial sexual acts. We hope this clarification will facilitate law enforcement efforts to end sex tourism. More generally, we welcome the focus in HR 2012 on the demand for prostitution, which is the engine driving the commercial sex industry. For too long, efforts to combat trafficking and the commercial sex industry have focused exclusively on the supply side of the industry, which cannot be effective in isolation. As a committee with a particular interest in the financial workings of this industry, we hope you will work with us and support our efforts to ensure that trafficking is addressed comprehensively, as an industry in which consumer demand for sex tourism and prostitution play a central role in generating the demand for trafficking.

Thank you.



Testimony

of

**Michael E. O'Connor, Jr.
Director of Operations, South Asia
International Justice Mission**

before

**The Subcommittee on Domestic and International Monetary Policy, Trade and
Technology
Committee on Financial Services
United States House of Representatives**

June 22, 2005

Chairman Pryce, Ranking Member Maloney and distinguished members of Congress, my name is Michael O'Connor; I am Director of Operations, South Asia for International Justice Mission (IJM), an organization that rescues victims of violence, sexual exploitation, slavery and oppression throughout the world. IJM agents have spent thousands of hours infiltrating human trafficking operations. In 2004 alone, IJM helped to rescue more than 400 victims of forced labor or sex trafficking.

The June 2005 U.S. Department of State's Trafficking in Persons ("TIP") Report estimates that between 600,000 and 800,000 people are trafficked across international borders each year and that minors comprise up to 50% of that total number. The organization Free the Slaves suggests that there are an estimated 27 million slaves in the world. The F.B.I. suggests that human trafficking generates an estimated \$9.5 billion in annual revenue.

These massive numbers should not obscure the fact that human trafficking exists because specific perpetrators make calculated decisions to harm others. Both the perpetrators and the victims are real people with real names and faces. Often, the victims are children. As but one example, on February 1, 2003, a brothel keeper in Svay Pak, Cambodia offered to provide an IJM undercover investigator with five young girls -- two of whom were in their early teen years and three of whom were even younger -- who would perform sex acts for \$30 per girl. The older two girls would provide both oral sex and sexual intercourse while the younger three girls would only provide oral sex -- or "yum yum" as the girls called it. This offer was not an anomaly. During a three-week IJM investigation in Svay Pak, approximately forty-five girls of fifteen years of age or younger were offered to our investigators. Based on IJM's investigation, the local police conducted a raid and rescued 37 girls. Ten of the rescued girls were approximately ten years old or younger. One of the ten was about five years old. To extrapolate, even if each of the 37 rescued girls had performed sex acts only once a day for the previous year, at \$30 an act the perpetrators' total gross receipts for the year would have been more than \$400,000 -- in a country where the per capita income in 2004 was a meager \$2,000.

In a more recent (2005) case in a Southeast Asian city, an informant told IJM that sex trafficking was taking place in certain brothels. An IJM investigator who confirmed the charge was told by a woman inside one of the brothels that she slept with, on average, five customers a night, at approximately \$26 per customer, thereby grossing approximately \$130 per night. The brothel contained about 200 girls and women. Extrapolating, the brothel might be grossing \$26,000 per night, or approximately 9.5 million dollars per year, presumably tax free.

There is, however, often an informal tax -- otherwise known as a bribe -- that ensures that sex trafficking flourishes. Trafficking is an economic crime. Trafficking enterprises, like other businesses, display their wares in a market, and markets need to ensure that the demand can find the supply. It is not hard to find trafficking victims. Inebriated perverts who want to have sex with children are able to find the victims. IJM investigators are also able to find the victims. So, why can't the police find the victims? To the point, human trafficking thrives only when and where the local enforcement authorities decide that they will not intervene to stop it. They don't stop it because they are overworked and understaffed, poorly trained or bribed. In at least one city where we work, approximately 39% of IJM-assisted police raids fail to free the targeted victims because the perpetrators are tipped-off. By the time the

police arrive at the brothel, either the brothel is “closed for the night” or the brothel is open but the victims have vanished.

Unfortunately, sometimes the police are not only taking bribes to ignore the problem. Sometimes, police officers are themselves the traffickers. Just last month, an IJM-initiated raid in a large Southeast Asian city led to the rescue of two minors and the arrest of a police officer for child sex trafficking offenses. Thankfully, the police officer has been charged and is currently sitting in jail. When questioned by the prosecutor about his activities, he did not deny the factual predicate for the charges, but rather stated that his superior officers had committed similar acts.

The reasons why some police officers accept bribes and commit crimes for profit are surely complex and go to the core of the flawed nature of the human condition. To focus on one aspect of the problem, and without making excuses for them, police officers in many places throughout the world receive desperately low wages, and the temptation to accept bribes is especially great for them. This past week, an IJM investigator and former F.B.I. agent who just returned from a trip to Cambodia reported to me that a middle-management counter-trafficking police officer in Cambodia stated that he makes less than \$40 a month as a police officer and has to work two other part-time jobs in order to support his family. Low wages are often the norm, even for those in relatively high level positions, in many police bureaucracies, ensuing that there are many places along the police chain-of-command where traffickers can attempt to exploit police officers’ financial vulnerabilities. But are the salaries of police officers in far flung corners of the globe a legitimate concern of the U.S. Congress? In today’s global economy, if other countries are not meeting the Congressionally-delineated minimum standards for countering human trafficking, it is surely the business of Congress to know why. International cooperation is critical in piercing international organized crime networks, tracing money flow, and repatriating victims to their homes. However, local cops on the beat in the countries of origin, transit and destination will bear the greatest burden in the fight against trafficking. I humbly suggest that it would be illuminating if the United States Government were to conduct an analysis of the take-home wages of police officers in TIP Report “tier two” and “tier three” countries, because Congress has an interest in determining whether or not countries who are failing to meet Congressionally-delineated minimum standards are paying their law enforcement authorities a living wage.

So we know that brothel keepers make a lot of money and that police officers take bribes, but what is the source of the revenue? To the point, in many places traffickers would not be able to make a profit but for the influx of foreign capital brought by travelers with fat wallets and deviant desires. The February 2003 Trafficking in Persons National Security Presidential Directive stated that sex tourism is “an estimated \$1 billion per year business worldwide.”

Sex tourism thrives in our midst. If this afternoon you go to Google and type in the words “sex tourism,” you will find more than 1.8 million results, and the site ranked second on Google is the “World Sex Archive” (“WSA”), which claims, in part, to be the “largest escort resource on the internet” and “is a place where fellow hobbyists gather to share information with one another through real time discussion boards on a variety of topics that deal with prostitution, escort services and sex tourism.” Among other things, the site seems to be used as way for sex tourists to get information from other sex tourists on where to travel to

find escorts or prostitutes. The website itself frankly suggests, *inter alia*, on its “You Need Access” page that

“You will save tons of money by joining this site. Imagine spending a ton of cash to travel somewhere only to find yourself yanking your [slang for male genitalia] because the cops busted all the [slang for female genitalia]? That would totally _____! But members of WSA are informed, they know the best places to go – we have chicas to yank our [slang for male genitalia] for us!”¹

To be fair to the WSA webmaster, he strongly suggests that he will not tolerate discussion on the site regarding or pictures of minors. Nevertheless, one reason why sex tourism is so detrimental to the fight against child trafficking is that pedophiles can easily blend into the crowd, using the infrastructure supported by the sex tourism industry to access minors.

One posting still currently on the WSA website, dated January 19, 2002, is a query from a tourist who was preparing to visit Puerto Rico and the Dominican Republic in late January 2002. In anticipation of the visit he wrote:

“I am interested in meeting small, petite, young (18, or ones who look younger) with light skin and haven’t had any babies. Am I asking too much? How can I meet these higher end girls and what would they cost per hour or per day? Are they best picked up a bar or Brothel? I’m 45 years old but I like them yung and babyless with a fine body and nice skin. What are the best place or people to contact for this kind? Are there newspaper ads that offer higher end girls .. Any comments (+ or -) are appreciated. Do they mind if you video tape them while you are with them?”

Perhaps this man is looking merely for a small, petite, young platonic escort. In any case, when pimps throughout the world offer IJM undercover investigators someone who is “small,” “petite” and “young,” someone who is “18 or looks younger,” we know from experience that there is a good chance that the pimp is trafficking minors.

There is no denying that Western sex tourists bring large amounts of money into the developing world, and too many of them are searching for minors with whom to have sex. One such tourist was Donald Bakker. He traveled from his home country of Canada to have sex with young girls in Svay Pak, Cambodia, where he made a videotape of himself and several prepubescent Cambodian girls performing sex acts. Thankfully, Canadian authorities later obtained the videotape, but they weren’t able to identify the location of the crime or the specific girls involved. In a remarkable coincidence, an officer assigned to investigate the Canadian case coincidentally watched a Dateline NBC special that showed footage of IJM’s Svay Pak investigation, mentioned earlier in my testimony. The Canadian police officer recognized that the IJM footage showed young girls in the same exact brothel room as featured in the Canadian’s man personal sex videotape. Bakker had visited Cambodia prior

¹ The three terms in brackets replaced words that were redacted by me due to their coarse nature. A fourth coarse word was redacted but not replaced because I could not find a suitable alternative word. Instead, I left a space to demarcate the place of redaction.

to the IJM raid, and, remarkably, some of the girls rescued by IJM were among those previously videotaped with Mr. Bakker. Earlier this month, Bakker pled guilty to seven counts of sexual assault against the Cambodian children. It was the first conviction in Canada under a new law that allows Canadian authorities to criminally charge Canadians who travel to other countries to have sex with minors.

Thankfully, the U.S. Congress has passed a similar law, called the Protect Act. This law will help to discourage perverse Americans from committing such heinous crimes overseas. Child molesters are cowards, and, as such, many of them will be dissuaded from traveling as a result of the Act, but only if the Act is publicized. I suggest that Congress encourage the airline and travel agency industries to include links to Protect Act internet sites on their internet home pages. I also suggest that a brochure detailing the contours of the Protect Act be provided by the United States Government with each new and renewed U.S. passport in order to educate American travelers abroad, sending the clear message that the United States Government will have no tolerance for those who use a U.S. passport as a weapon against children and as a license to rape them. Furthermore, I suggest that United States citizens who are convicted of child sexual abuse crimes should, at the very least, have stamps placed in their passports alerting other countries of their convictions.

On behalf of my coworkers at International Justice Mission, I thank Chairman Pryce for the invitation to speak here today, for the attention of the Committee and for the bipartisan leadership of the U.S. Congress on this issue. I would especially like to thank Congress for its continued support of Ambassador John R. Miller, Ambassador-at-Large and Director of the U.S. Department of State's Office to Monitor and Combat Trafficking, for his tireless efforts to end modern-day slavery. The leadership of the United States Government on this issue is inspiring; it is government at its bipartisan best. The criminals who commit these crimes are determined, strong, organized and united. We who seek to end the scourge of illegal trafficking must be more so.

Thank you.

**Testimony of Lisa L. Thompson
Liaison for the Abolition of Sexual Trafficking
The Salvation Army National Headquarters**

**The Sexual Gulag:
Profiteering from the Global
Commercial Sexual Exploitation of Women and Children**

**Testimony before the Financial Services Committee
U.S. House of Representatives
June 22, 2005**

Introduction

I'm here as a representative of The Salvation Army¹ USA. The Salvation Army was founded in London, England, in 1865 by William and Catherine Booth. The organization is first and foremost a church, which now exists in 110 countries carrying out wide-ranging forms of ministry and human service from school and hospital administration, micro-credit programs, HIV/AIDS and community health work, elderly residential centers, drug and alcohol rehabilitation programs, disaster and emergency relief, and a growing number of specific programs aimed at combating human trafficking, to mention a few.

The Salvation Army founders, the Booths, were revolutionaries in their time. They went against every Victorian convention and took their ministry to the dirty and dangerous streets of London's east side where they reached out to the destitute and desperate. They tackled the issue of sexual trafficking by, among other things, forming Midnight Rescue Brigades for "Cellar, Gutter, and Garret" work, going at night to the back allies and attics in which they might find women and girls longing to escape from the snares of their traffickers, brothel keepers and pimps to another life. Commenting on this work, Catherine Booth said, "I felt as though I must go and walk the streets and besiege the dens where these hellish iniquities are going on. To keep quiet seemed like being a traitor to humanity."² Once again, The Salvation Army finds itself fighting this same fight and once again we must raise our voices or betray not only humanity but also our faith.

Sexual Gulags: Slavery on an Industrial Scale

Many times I have heard human trafficking referred to as modern-day slavery. It's a powerful and apt analogy that shocks and challenges us. Americans in particular are moved by this comparison. Slavery is an anachronism – something that was supposedly put behind us years ago. However, reports like State Department's *Trafficking in Persons Report* and the Department of Justice's annual *Assessment of U.S. Government Activities to Combat Trafficking in Persons* prove to us otherwise.

Today I'd like to take the slavery analogy a step further, and give to you another framework with which to conceptualize sexual trafficking. Today I want to introduce to you what I call the "Sexual Gulag."

I'm sure you are all familiar with the term gulag. Generally it's used to describe networks of prisons or labor camps. But the word GULAG (Glavnoe Upravlenie Lagerei) is a Russian acronym meaning Main Camp Administration.³ The Soviet Union built a network of prisons for slave labor so vast and so brutal that the word gulag has been adopted into the English language and today the word's usage is synonymous with inhumane, torturous prison conditions, and industrialized death.

¹ The Salvation Army, an international movement, is an evangelical part of the universal Christian Church. Its message is based on the Bible. Its ministry is motivated by the love for God. Its mission is to preach the gospel of Jesus Christ and meet human needs in his name without discrimination.

² Green, R. *Catherine Booth, a biography of the cofounder of The Salvation Army.* p258.

³ Applebaum, A. (2003). *Gulag: a history.* p(i).

"In the course of the Soviet Union's existence, at least 476 distinct camp complexes came into being, consisting of thousands of individual camps . . . The total number of prisoners in the camps generally hovered around two million, but the total number of Soviet citizens who had some experience of the camps, as political or criminal prisoners, is far higher. From 1929, when the Gulag began its major expansion, until 1953, when Stalin died, the best estimates indicate that some eighteen million people passed through its massive system."⁴

The Soviet regime and its gulags have collapsed, but a new gulag system, stretching far beyond the borders of the former Soviet empire, has risen to take its place – the Sexual Gulag. The Sexual Gulag is a global system made up of hundreds of thousands, if not millions, of brothels, bars, strip clubs, massage parlors, escort services, and street corners where people are sold for sex.

The Sexual Gulag entraps and exploits women and children turning them into sexual commodities. The State Department's *Trafficking in Persons Report* and its tier ranking of 142 countries testifies to the fact that this gulag exists the world over and that vast numbers of women and children are trapped within its confines. How many women and children exactly? No one knows. But consider these statistics:

- UNICEF reports that across the world, there are over one million children entering the sex trade every year and that approximately **30 million children** have lost their childhood through sexual exploitation over the past 30 years.⁵
- In Southeast Asia alone, there are currently around a million children involved in the sex industry, some younger than 10 years old.⁶

Thus in scale, both in terms of geographic breadth and the number of those impacted, the comparison of the Soviet's developed and complex gulag system to the modern day Sexual Gulag, is if anything, inadequate.

While there were a great many forms and varieties of camps in the Soviet system and people were sent to them for a variety of reasons, their primary purpose was an economic one.⁷ In her book *Gulag: A History*, Anne Applebaum writes: "They produced a third of the country's gold, much of its coal and timber, and a great deal of almost everything else. . . ."⁸ So the Soviet gulag and the Sexual Gulag share the same purpose, an economic one, and the real difference between the two is that in the Sexual Gulag there is only one industry in which people are exploited — the sex industry.

⁴ Applebaum, A. (2003). *Gulag: a history*. p(xvii).

⁵ UNICEF UK. (2004, January 28). "Commercial sexual exploitation position statement."

⁶ Ibid.

⁷ Applebaum, A. (2003). *Gulag: a history*. p(xxxviii).

⁸ Applebaum, A. (2003). *Gulag: a history*. p(xvi).

The Sexual Gulag is flourishing and highly profitable. The value of the global trade in women as commodities for sex industries has been estimated to be between seven and twelve billion dollars annually.⁹ However, as the information I'm going to share with you demonstrates, these estimates are astonishingly low based on a review of just a few statistics regarding the global sex industry.

As I share this information, it's important to keep in mind the following four items:

- 1) All prostitution of persons under 18 is de facto sex trafficking;
- 2) A high prevalence of foreign-born women in any given country's sex industry is highly indicative of sex trafficking;
- 3) The vast majority of adult women in prostitution in any given country experience levels of physical and psychological coercion, abuse, and torture that plainly classify them as victims of sex trafficking; and
- 4) Victims are trafficked into and used in various forms of commercial sexual exploitation such as prostitution, pornography, and stripping. Thus prostitution and sexual trafficking are symbiotically related — the existence of prostitution is the only reason sex trafficking exists.¹⁰

The Sexual Gulag is Big Business

- In Japan, where prostitution is not legal, but widely tolerated, the sex industry is estimated to make ¥10,000bn (U.S.\$83 billion).¹¹ There are an estimated 150,000 foreign women in the sex industry¹² many of them are known to be trafficked from the Philippines, Thailand, Korea, Russia, and Latin America each year.
- Prostitution in the Philippines is a de facto legal industry that is now the fourth largest source of gross national product (GNP) for the country.¹³ Estimates vary but the likelihood is that there are nearly half a million persons in prostitution in the country¹⁴ and an estimated 100,000 of them are children.¹⁵ 300,000 sex tourists from Japan alone are believed visit the Philippines every year.¹⁶

⁹ Hughes, D. (2000, Spring). "The 'Natasha trade – the transnational shadow market of trafficking in women." *Journal of International Affairs*.

¹⁰ Hughes, D. (2004.)

¹¹ Tsutsumi, K. & Honda, S. (2004, November 1). *OAS rapid assessment report: trafficking in persons from the Latin American and Caribbean region to Japan*.

¹² International Organization of Migration. (1997, June). "Prostitution in Asia increasingly involves trafficking." *Trafficking Migrants Quarterly Bulletin*, No. 15.

¹³ Trinidad, A. (2005). *Child pornography in the Philippines*. Psychological Trauma and Human Rights Program, UP Center for Integrative and Development Studies and UNICEF Manila, p14.

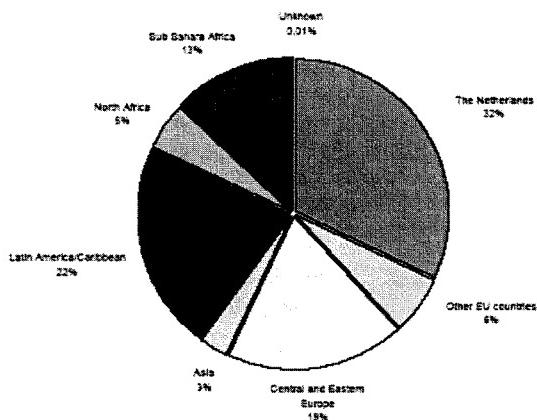
¹⁴ International Labor Organization. (1998, September/October). "Sex as a sector: economic incentives and hardships fuel growth." *World of Work*, No. 26.

¹⁵ UNICEF New York. (2001). *Profiting from abuse: an investigation into the sexual exploitation of our children*.

¹⁶ Marks, K. (2004, June 28). "In the clubs of the Filipino sex trade, a former RUC officer is back in business." *The Independent*.

- The sex industry in the Netherlands is estimated to make almost \$1 billion each year.¹⁷ It is a major destination country for trafficked women in Western Europe, with 2000 brothels and numerous escort services, using an estimated 30,000 women.¹⁸ Moreover, 68% of women in its sex industry are from other countries (see figure). Other estimates put this figure as high as 80 percent.¹⁹ Furthermore, representatives of its government have openly defended the demand for women in prostitution. “The demand is already there. We can’t eradicate the demand. We will regulate it. Grant permits. Make them pay taxes.”²⁰ This official also commented that, “Other countries may have women with working skills that will benefit the Netherlands. We could create special permits that will allow foreign nationals to engage in prostitution.”²¹

Figure 1. Country of origin of Dutch population of prostituted women:²²



¹⁷ United Nations Economic Commission of Europe. (2004, December 12). *Economic roots of trafficking in the UNECE region fact sheet 1*.

¹⁸ Hughes, D. (2002, September 23). *The corruption of civil society: maintaining the flow of women to the sex industries*. Encuentro Internacional Sobre Trafico De Mujeres Y Explotacion, Andalusian Women’s Institute, Malaga, Spain.

¹⁹ Budapest Group. (1999). *The relationship between organized crime and trafficking in aliens*. Austria: International Center for Migration Policy Development.

²⁰ Hughes, D. (September 23, 2002). *The corruption of civil society: maintaining the flow of women to the sex industries*. Encuentro Internacional Sobre Trafico De Mujeres Y Explotacion, Andalusian Women’s Institute, Malaga, Spain.

²¹ Ibid.

²² Commission on the European Communities DG Justice & Home Affairs. (2001). *Research based on case studies of victims of trafficking in human beings in 3 EU member states, i.e. Belgium, Italy and the Netherlands*, p277.

- In Germany, where prostitution and brothels are legal, an estimated 400,000 prostitutes serve 1.2 million buyers a day in an industry with an annual turnover of €14 billion (**US \$18 billion**).²³ No one knows definitively how many of these are trafficked women, but the German news agency DPA has reported that approximately 200,000 prostitutes in the country have been “smuggled” into Germany from Central and Eastern Europe and that most of the prostitutes arrested in Germany in recent police raids come from Russia, Lithuania and Bulgaria.²⁴
- In London suburbs, there are approximately 1000 brothels. According to Scotland Yard’s Vice Squad the Eastern European crime gangs that run them make £50 million (**US \$91.6 million**) a year.²⁵ In London, a pimp can make £300,000 to £400,000 (**US \$549,000 to \$733,000**) a year from prostituting a 16-year-old girl.²⁶
- More than 2.3 million girls and women are believed to make up India’s sex industry.²⁷ The U.N. reports that an estimated 40 percent are below 18 years of age.²⁸ In 2004, it was reported that transactions in prostitution are worth Rs 185 million (**US \$4.1 million**) a day; Rs 370 billion (**US \$8.5 billion**) per year.
- In Antwerp, Belgium, legalization of prostitution has brought in nearly \$800,000 of tax revenue to the city. Officials have gone so far as to encourage a business man planning to convert a warehouse into loft apartments into a brothel instead. He took their suggestion and has constructed the city’s biggest brothel and is now considering opening a brothel chain.²⁹
- In 2003, an IPO of brothel shares was introduced on Australia’s stock exchange.³⁰ The Daily Planet Ltd., the first such traded stock, has plans to launch a “sex Disneyland” in Sydney, and intends expansion to the U.S.³¹
- A 1998 study by the International Labor Organization on the sex industries of four Asian countries, reported that Indonesia’s sex industry was as much as 2.4% (**US \$3.3 billion**) of the gross domestic product and as much as 14% (**US \$27 billion**) of Thailand’s gross domestic product.³² The report stated, “The stark reality is that the sex sector is a big business that is well entrenched in the national

²³ [Duetsche Welle]. (2005, January 24). “The license to have sex.”

²⁴ Novinite.com. (2003, September 4). “Women forced into prostitution in Germany.”

²⁵ Davenport, J. (2003, January 16). “Suburban brothels exposed.” *The Evening Standard*.

²⁶ [The Northern Echo]. (2005, April 19). “Were these missing girls sold for sex?”

²⁷ U.S. Department of State, Bureau of Democracy, Human Rights, and Labor. (2005, February 28). “Country reports on human rights practices.”

²⁸ Ibid.

²⁹ Bilefsky, D. (2005, May 26). “Belgian experiment: make prostitution legal to fight its ills.” *The Wall Street Journal*.

³⁰ [Dow Jones Business News]. (2003, May 5). “Australian brothel shares soar one day after debut.”

³¹ [Financial Times Limited]. (2003, May 1). “Australia’s first listed bordello plans sex disneyland.”

³² Lim, L. (1998). *The sex sector: the economic and social bases of prostitution in Southeast Asia*. International Labor Office, Geneva.

economies and the international economy,’ with highly organized structures and linkages to other types of legitimate economic activity.”³³

According to the report, the revenues generated by the sex industry were crucial to the livelihoods and earnings potential of millions of workers beyond the “prostitutes” themselves.³⁴ Owners, managers, pimps and other employees of the sex establishments, the related entertainment industry and some segments of the tourism industry make **the number of workers earning a living directly or indirectly from prostitution several million.**³⁵ Support staff like cleaners, waitresses, cashiers, parking valets, security guards, medical practitioners, operators of food stalls in the vicinity of sex establishments, vendors of cigarettes and liquor, and property owners who rent premises to providers of sexual services are just some of those profit from the existence of the Sexual Gulag.³⁶

In an interview of Ms. Lin Lim, who edited the report, she said government policies had “encourage[d] the growth of tourism, promote[d] migration for employment, promote[d] exports of female labour for earning foreign exchange” and thus contributed indirectly to the growth of prostitution.³⁷

Clearly then many governments and economic sectors have a vested interest in the continued existence and expansion of the Sexual Gulag.

Open Promotion

The Soviet gulags were often in remote and harsh locations, and when located within cities, “physical barriers such as walls and fences were meant to keep outsiders from seeing in.”³⁸ Not so with the Sexual Gulag. The fact that the Sexual Gulag is often fully integrated into the landscape of a community and that it openly seeks to attract outsiders as customers is a key distinction between the two systems.

For example, there is the famed red-light district of Amsterdam where women are put on display in windows for passersby on the street. The women are exhibited in much the same way as zoo animals, or as merchandise for sale in a hardware store. There is also Tijuana’s notorious “Zona Norte” where on any given evening, scores of young women and girls are sexual fare openly for sale on the city streets. In this country, yellow pages and newspapers in most major cities run advertisements clearly offering sex for sale. The masters of the Sexual Gulag also opportunely take advantage of special events which lure large numbers of potential consumers as in Dortmund, Germany, one of 12 cities to host World Cup matches. There a series of drive-in wooden “sex huts” are being installed in

³³ International Labor Organization. (1998, August 19). “Press release: sex industry assuming massive proportions in Southeast Asia.” Geneva and Manila.

³⁴ International Labor Organization. (1998, September/October). “Sex as a sector: economic incentives and hardships fuel growth.” *World of Work*, No. 26.

³⁵ Lim, L. (1998). *The sex sector: the economic and social bases of prostitution in Southeast Asia*. International Labor Office, Geneva.

³⁶ Ibid.

³⁷ ³⁷ International Labor Organization. (1998, September/October). “Sex as a sector: economic incentives and hardships fuel growth.” *World of Work*, No. 26.

³⁸ Applebaum, A. (2003). *Gulag: a history*. p186.

time for next year's soccer World Cup and an expected boom in the local sex trade. Experts estimate as many as 40,000 prostitutes may travel to Germany to offer their services to fans during the tournament.³⁹ City officials in Antwerp are reported to be considering putting decorative gates on the city's legal commercial sex zone to mark it as a tourist attraction.⁴⁰

Dehumanization

One of the hallmarks of both the Soviet-styled system and the Sexual Gulag is that they rely upon methods of treatment of prisoners that dehumanize their captives. Applebaum writes, "Within the [Soviet] system, prisoners were treated as cattle, or rather as lumps of iron ore. Guards shuttled them around at will, loading and unloading them into cattle cars, weighing and measuring them, feeding them if it seemed they might be useful, starving them if there were not. They were, to use Marxist language, exploited, reified, and commodified."⁴¹

The same is true of the captives of the Sexual Gulag. Women and children are bought and sold for prices ranging from \$50 U.S.,⁴² to prices exceeding \$16,000.⁴³ They are inspected, shuttled, and traded. They are objects, things to be used for profit as long as their shelf life allows, not human beings.

Like inmates in a prison system women in some brothels are even given ID numbers. For instance one brothel in Antwerp, Belgium, has begun using biometric technology to keep track of the women. The women's finger prints are scanned into the system, and after being matched with their fingerprints in its database, the brothel's system clocks them in and flashes an ID number.⁴⁴ Another brothel, this one on the outskirts of Ocana, a city approximately 100 kilometers from Madrid, Spain, is surrounded by electrical wire, has barred windows and attack dogs on the grounds to prevent the women from escaping.⁴⁵

Life and Death in the Sexual Gulag

In their lives as sexual commodities, many of women and children in the Sexual Gulag will experience a long litany of physical, psychological, and spiritual health harms from such things as:

- Bodily injuries such as broken bones, concussions, burns, as well as vaginal and anal tearing from violent assaults, stabbings, rapes, and torture;

³⁹ [Reuters]. (2005, June 8). "German city builds 'sex huts' for World Cup. Dortmund wants to provide discreet spots for prostitutes, clients."

⁴⁰ Bilefsky, D. (2005, May 26). "Belgian experiment: make prostitution legal to fight its ills." *The Wall Street Journal*.

⁴¹ Applebaum, A. (2003). *Gulag: a history*. p(xxxviii & xxxix).

⁴² UNICEF UK. (8/03). *End child exploitation: stop the traffic*, p11.

⁴³ Associated Press. (2000, July 7). Man pleads guilty to smuggling.

⁴⁴ Bilefsky, D. (2005, May 26). "Belgian experiment: make prostitution legal to fight its ills." *The Wall Street Journal*.

⁴⁵ Inter Press Service. (2003, March 11). "More than a million labor in sex trade."

- Traumatic brain injury (TBI): resulting in such things as memory loss, dizziness, headaches, numbness, etc.;
- STDs such as HIV/AIDS, gonorrhea, syphilis, UTIs, and pubic lice;
- Sterility, miscarriages, and menstrual problems;
- Diseases like TB, hepatitis, malaria, and pneumonia;
- Drug and alcohol addition;
- Forced abortions; and
- Post-traumatic stress disorder (PTSD).

The magnitude of these harms often does irreversible damage and hastens death. And to point out a statistic on just one of these harms, a study of 827 people in different types of prostitution in 9 countries found that 68% of those surveyed suffered PTSD symptoms in the same range as treatment-seeking combat veterans and refugees of state-organized torture.⁴⁶

This degree of trauma is hardly surprising. As Dr. Wendy Freed in her research of brothel prostitution in Cambodia explains:

“Sexual trauma is a violation of the most intimate and personal aspect of the self. One’s own body becomes the setting in which the atrocities are perpetrated. For the women and adolescent girls living in a brothel, the sexual violations take place inside the tiny cubicle (smaller than most prison cells) that is their only private living space. There is no safe haven for them.”⁴⁷

Echoing the findings of researchers, one survivor described her experience this way:

“I feel like I imagine people who were in concentration camps feel when they get out . . . It’s a real deep pain, an assault to my mind, my body, my dignity as a human being. I feel like what was taken away from me in prostitution is irretrievable.”⁴⁸

A Canadian constable described a situation he observed where a man was picking up a prostitute, saying that the prostitute “was the most asexual human being I’ve ever met. She was (like) a concentration camp victim — she looked exactly like the photos of the Jewish women at Auschwitz and Dachau.”⁴⁹

⁴⁶ Farley, M. (Ed.). (2003). *Prostitution, trafficking and traumatic stress*, p56. Binghamton, NY: The Hayworth Maltreatment and Trauma Press.

⁴⁷ Freed, W. (2003). “From duty to despair: brothel prostitution in Cambodia.” In M. Farley (Ed.), *Prostitution, trafficking and traumatic stress* (p138). Binghamton, NY: The Hayworth Maltreatment and Trauma Press.

⁴⁸ Farley, M. et.al. (2003). “Prostitution and trafficking in nine countries: an update on violence and posttraumatic stress disorder.” In M. Farley (Ed.) *Prostitution, trafficking and traumatic stress*, p65. Binghamton, NY: The Hayworth Maltreatment and Trauma Press.

⁴⁹ Gardner, D. (2002, June 8). “The hidden world of hookers, part 2.” *The Ottawa Citizen*.

Not very many women and children actually make it out of the Sexual Gulag. One reason: the homicide rate among prostituted women is many times higher than for women and men in other “occupational” environments: 204 per 100,000 among prostituted women, versus 4 for female liquor store workers.⁵⁰

This hazard of life in the Sexual Gulag is known by gulag masters and captives alike. For example, the owner of the Antwerp brothel mentioned above has also equipped rooms with panic buttons in case of trouble from buyers. Ironically comforted by this, one prostituted women in this brothel said, “If something should happen to me and I turn up dead tomorrow — the technology here means that police will know exactly who I am.”⁵¹

Seasoning

Understanding of the systematic coercive techniques – known as seasoning⁵² – used to break women and girls into prostitution is essential to understanding the power and control the masters of the Sexual Gulag have over their captives. Professionals in the fields of torture, domestic violence, child sexual abuse, and commercial sexual exploitation know that torturers, abusers, pimps, and traffickers use systematic methods to groom and reduce their victims “to the condition of slavery.”⁵³ “Binderman’s Chart of Coercion,” published by Amnesty International in 1973, describes these methods in detail.⁵⁴ Techniques used on political prisoners — like those in the Soviet gulag — such as isolation, induced debility and exhaustion, threats, degradation, enforcing of trivial demands, granting of occasional indulgences, to mention a few, are the same means used to subjugate women in prostitution and pornography.⁵⁵ In the Soviet system these types of procedures and others came to be called “the meat-grinder.”⁵⁶ Those in prostitution have described their trauma similarly: one fourteen year old stated: “You feel like a piece of hamburger meat — all chopped up and barely holding together.”⁵⁷

Captives of systems like the Soviet and Sexual Gulags develop strategies to enhance their survival. In her history of the Soviet gulags, Anne Applebaum dedicates an entire chapter to a discussion of “Strategies of Survival.”⁵⁸ But survival strategies can deceive outsider observers into believing there is no abuse. This is particularly true of those captive to the Sexual Gulag.

“As people find the best way to survive, some of their behaviors may raise questions if viewed out of context. For example, the woman’s and

⁵⁰ Potterat, J. et. al. (2004). “Mortality in a long-term open cohort of prostitute women.” *American Journal of Epidemiology*, vol 159. no. 8.

⁵¹ Bilefsky, D. (2005, May 26). “Belgian experiment: make prostitution legal to fight its ills.” *The Wall Street Journal*.

⁵² Herman, J. (1997). *Trauma and recovery*, p76. New York: Basic Books.

⁵³ Farley, M. (Ed.). (2003). “Introduction: hidden in plain sight: clinical observations on prostitution.”

Prostitution, trafficking, and traumatic stress. p2.

⁵⁴ Herman, J. (1997). *Trauma and recovery*, p76. New York: Basic Books.

⁵⁵ Ibid.

⁵⁶ Applebaum, A. (2003). *Gulag: a history*, p(xvi.)

⁵⁷ Weisberg, K. (1985). *Children of the Night*. Lexington Books, Toronto.

⁵⁸ Applebaum, A. (2003). *Gulag: a history*.

adolescent girl's flirtatiousness, seeking out clients, and getting clients to feel pity or love for them may represent strategies aimed at enhancing their survival.”⁵⁹

“When an individual has been into submission, and has become passive and accepting of what is done to her because she is a captive, then any sexual encounter she has is rape. Even if she has worked hard to attract the customer, because she has no right to refuse consent, she is being raped.”⁶⁰

Thus we can understand that the woman we see on the street corner — the supposed “voluntary prostitute” — may give every appearance of choosing to be there, while the unseen forces that keep her there are every bit as real as if they were made of yards of barbed wire.

Recommendations

It's clear from the monumental profits generated by the sex industry that the fight against the Sexual Gulag is a battle like that of David against Goliath. Those who have profited have grown extremely powerful and it will take our relentless energy, creativity, sizeable resources, and a strategic plan to bring this giant down.

Current U.S. policy recognizes the innate harm in prostitution, and acknowledges the symbiosis between prostitution and sexual trafficking. In February 2003, a National Presidential Security Directive was signed by President Bush which states, “Prostitution and related activities, which are inherently harmful and dehumanizing, contribute to the phenomenon of trafficking in persons. . . .” This is an excellent policy foundation from which to begin. But to take new ground in the fight against sexual trafficking there are specific actions that should be taken:

1). The minimum standards for the elimination of trafficking in the Trafficking Victims Protection Reauthorization Act should be enhanced to include the following provisions:

- Whether the government of the country sponsors and supports law enforcement programs and non-governmental organizations tasked with reducing demand for international and domestic trafficking in persons and commercial sex acts as a factor for tier placement advancement.
- Whether the government of the country has legalized its sex industry specifically including the activities of pimping, pandering, brothel keeping, and soliciting a prostitute as a factor for tier placement reduction.

⁵⁹ Freed, W. (2003). “From duty to despair: brothel prostitution in Cambodia.” In M. Farley (Ed.), *Prostitution, trafficking and traumatic stress* (p141). Binghamton, NY: The Hayworth Maltreatment and Trauma Press.

⁶⁰ Freed, W. (2003). “From duty to despair: brothel prostitution in Cambodia.” In M. Farley (Ed.), *Prostitution, trafficking and traumatic stress* (p138). Binghamton, NY: The Hayworth Maltreatment and Trauma Press

- 2). **The Trafficking Victims Protection Reauthorization Act should mandate a study of the economics of trafficking**, including a detailed and comprehensive analysis of the money flows and connections to transnational organized crime, to be conducted by the U.S. Department of States Bureau of International Narcotics and Law. If we better understand how sex trafficking financial operations work, we will have a better chance of bringing them down.
- 3). **Congress should pass the End Demand for Sex Trafficking Act of 2005.** Passage of this bill will among other things strengthen prosecution and punishment of traffickers under the Mann Act. It authorizes federal funds for programs to establish model law enforcement programs for the prosecution of purchasers of commercial sex, as well as to enhance prosecution efforts of traffickers and pimps through surveillance efforts, prosecution for rape, sexual assault, as well as tax evasion.

Conclusion

Timerman a Holocaust survivor said in his book, *Prisoner Without a Name*, “The Holocaust will be understood not so much for the number of victims as for the magnitude of the silence. And what obsesses me most is the repetition of the silence.”⁶¹ This brings me back to the remarks of Catherine Booth whose challenging words I shared with you earlier: “I felt as though I must go and walk the streets and besiege the dens where these hellish iniquities are going on. To keep quiet seemed like being a traitor to humanity.”⁶²

So I thank you for your interest and concern about this tragic issue, and the opportunity to speak out on behalf of humanity; about what I believe is clearly a brutal and massive system — supported and advanced by traffickers, pimps, brothel keepers, organized crime, corrupt government official, buyers of commercial sex, and a growing moral bankruptcy within civil society; a system which is sentencing and condemning women and girls to lives of brutal captivity in the Sexual Gulags of the world’s brothels, massage parlors, and streets.

But neither speaking out nor learning about a problem are sufficient. With knowledge comes responsibility — the duty to take action. On the wall of The Salvation Army National Headquarters were I work there is a plaque hanging in the lobby with these words of the founder General William Booth:

“While women weep as they do now, I’ll fight;
 While little children go hungry as they do now, I’ll fight;
 While men go to prison, in and out, in and out, I’ll fight;
 While there yet remains one dark soul without the light of God, I’ll fight –
 I’ll fight to the very end.”

I agree with Booth. While women are children are captive to the Sexual Gulag, I’ll fight — I’ll fight to the very end.” Will you?

⁶¹ Herman, J. (1997). *Trauma and recovery*, p93. New York: Basic Books.

⁶² Green, R. *Catherine Booth, a biography of the cofounder of The Salvation Army*, p258.



The Salvation Army Anti-Trafficking Activities Summary

The Salvation Army has been and continues to be a leader on the issue of human trafficking. Examples of its efforts to eradicate trafficking go back to the early chapters of the organization's history and include The Salvation Army's successful legal reform campaign to help prevent the trafficking of young girls during the 1880's in the United Kingdom. Moreover, upon seeing the desperate needs of women and children caught up in organized commercial sexual exploitation, The Salvation Army responded by opening homes for women and girls and developing intensive "Rescue Work." Within thirty years Salvation Army rescue homes grew from one to 117. Now, more than a century later, The Salvation Army in the United States and abroad is part of a reviving movement for the abolition of trafficking.

Modern-Day Efforts

International Commitment

In May 2004, a presentation on human trafficking was made to The Salvation Army's International Leader's Conference. This body, comprised of TSA's top leaders from around the world, adopted a declaration which included a commitment to combat human trafficking. (In January of 2005, a similar presentation was made to TSA's U.S. National Leaders Conference.) This commitment symbolically unifies The Salvation Army International in opposing the tragedy of human trafficking and supporting the development of anti-trafficking programs.

US Anti-Trafficking Initiative

A revival of The Salvation Army's previous anti-trafficking movement has been developing since the late 1990s and has recently begun to pick up steam. This section describes the many activities, which will soon be unified within The Salvation Army's Anti-Trafficking Initiative, as well as all activities that will soon officially comprise this Initiative.

A Strategic Plan has been developed to coordinate and guide this Initiative. The national leadership of TSA in the U.S. is currently evaluating this plan with hopes of finalizing it in March. This Plan charts a course for future action and elicits buy-in on all levels of the organization. It is intended to pave the way for all current and future TSA anti-trafficking efforts across the nation.

Legislative and Public Policy Advocacy

The Salvation Army (TSA) endorsed the **Trafficking Victims Protection Act**, a law which passed the U.S. Congress in October of 2000. TSA was among a coalition of faith-based and other organizations which worked zealously to obtain its passage. TSA's role in the effort to pass TVPA has been highlighted in the new book *Freeing God's Children* by Dr. Allen Hertzke.

The Salvation Army has also taken a strong, leadership position, along with other allied groups and individuals, in efforts to shift **U.S. policy on sexual trafficking**. This includes:

- maintaining the link between sexual trafficking and prostitution;
- emphasizing strategies that reduce demand;
- emphasizing the link between sexual trafficking and HIV/AIDS;
- opposing efforts to legalize prostitution in the U.S. and abroad;
- affirming a "report and rescue" strategy in humanitarian efforts to assist women and children in brothels;

- support for the Domestic Trafficking Victims Protection Act;
- support for a *sufficiently strong* Reauthorization of the Trafficking Victims Protection Act in 2005.

In regard to these issues, TSA has participated in and initiated letters to prominent political and faith leaders outlining numerous policy concerns and appealing for their help. These efforts are meeting with success, as illustrated by a National Security Presidential Directive linking sexual trafficking and prostitution issued by President George W. Bush, a new policy announced by the U.S. Agency for International Development which rules that nongovernmental organizations that support legalized prostitution are not eligible for U.S. anti-trafficking funds, as well as increased attention to human trafficking pledged by Russian President Vladimir Putin. Work is also underway on an internal Salvation Army position statement on human trafficking.

Awareness Raising, Coalition Building, and Partnerships

The Salvation Army-USA has been a member of the **Initiative Against Sexual Trafficking**, a partnership of faith-based, human rights, child and women's advocacy organizations, united in seeking the abolition of sexual trafficking since 2000. In 2001, TSA assumed leadership of IAST and under its direction IAST now spearheads many activities. Such activities include a booth display on sexual trafficking which is used at numerous conferences and conventions in an effort to educate the public about sexual trafficking and to engage them in the abolitionist fight. IAST also coordinates and hosts forums on the issue of sexual trafficking such as the two forums held at the National Liberty Museum in Philadelphia, Pennsylvania, entitled "Opposing the Sexual Gulag." These events featured nationally and internationally renowned leaders on the issue. IAST publishes a newsletter, and also maintains a website and email list-serve which distributes news and information concerning sexual trafficking and commercial sexual exploitation to a wide range of subscribers.

To advance its anti-trafficking efforts in the areas of awareness, policy, and programs TSA created the position of "**Liaison for the Abolition of Sexual Trafficking**" at its National Headquarters. In this position, The Liaison develops and coordinates the strategies for TSA to create recovery services for survivors of sexual trafficking in the U.S. and abroad, and addresses public policy issues related to sexual trafficking and commercial sexual exploitation. The Liaison frequently speaks at Salvation Army and other organizations' events both in the U.S. and internationally.

Through its efforts, TSA has had unique opportunities to partner with federal agencies, such as with the U.S. Department of State and three other NGOs (Shared Hope International, the Protection Project, and the International Justice Mission), which together hosted "**Pathbreaking Strategies in the War Against Trafficking**," an international conference held in February 2003. Due to The Salvation Army's involvement, many Christian representatives from other faith-based NGOs were invited to participate in the conference. The Salvation Army has also enjoyed working closely with the **Department of Health and Human Services' "Rescue and Restore"** public-awareness campaign which is being launched across the country.

Trafficking Survivor Services

Capacity Building

The Salvation Army's ultimate goals are to end the crime of human trafficking while helping survivors establish or restore healthy and productive lives. This requires that in addition to advocacy, TSA must increase its capacity to respond to the problem, which in turn requires raising awareness internally, training of personnel and acquisition and/or identification of resources.

In 2003, The Salvation Army entered into a cooperative agreement with **U.S. Department of Justice** to support these capacity-building efforts. This award has 3 major goals: increased

awareness, increased coordination and increased ability to serve victims. **The National Consultant for Trafficking Survivor Services** was hired at the National Headquarters to coordinate this program and begin to move TSA into the field of trafficking victim services. More specifically, the National Consultant oversees the management of the grant, is responsible for project design and implementation, and develops protocols for trafficking survivor services.

The primary steering body of this new movement is the **U.S. National Anti-Trafficking Council**, with representatives from each of the 4 U.S. territories of TSA and Mexico. The Council convenes monthly and is moderated by the National Consultant. The purpose of the Council is "to promote and support the work of The Salvation Army USA in preventing human trafficking and in achieving the freedom, health and well-being of survivors."

The Salvation Army National Social Services Department has provided speakers and training at its 2002-04 **National Social Services Conferences**. Speakers such as Dr. Laura Lederer, Special Advisor on Trafficking to Under Secretary for Global Affairs at the U.S. Department of State, Dr. Donna Hughes, professor of women studies at the University of Rhode Island, and Rachel Lloyd, founder of Girls Education and Mentoring Services, have provided training. Additional training and awareness raising activities are being planned across the country.

Direct Service Programs in the U.S.

In January 2005, the U.S. Department of Justice, Office for Victims of Crime awarded an 18-month \$500,000 cooperative agreement to the Western Territory of The Salvation Army to provide direct services to victims of trafficking. This award will establish the Western Region of **The Network of Emergency Trafficking Services (NETS)**, which has a counterpart spanning the entire southern U.S. NETS utilizes the expertise of appropriate large service organizations to provide emergency response to victims across a broad geographic area as an intermediate measure as it establishes strong, comprehensive and proactive programs on the local level within this area.

In the Western Region, TSA will assume the lead role in responding to victim referrals in 10 Western states – AK, ID, MT, WY, UT, CO, NV, NM, East Texas and parts of CA. Additionally, four comprehensive and proactive service sites will be established in: El Paso, Denver, Las Vegas and Anchorage. While already underway, this 18-month program will launch in March 2005, and the program will be prepared to serve victims 4 months later.

Since 2003, The Salvation Army has partnered with the International Rescue Committee to provide shelter services to trafficking victims identified in or near Arizona at sites in Phoenix and Tucson. The Salvation Army also is poised to provide survivor services on a case-by-case basis as shelter space allows in others parts of the U.S.

PROMISE Initiative

The Salvation Army is exploring ways to combat the trafficking of U.S. citizens as well. In particular, the PROMISE Initiative (**Partnership to Rescue Our Minors from Sexual Exploitation**) is a comprehensive program designed to attack the problem of child sex trafficking in a comprehensive and holistic manner. This program is based on the premise that child sex trafficking is a systemic and predictable problem that results directly from faulty societal safety nets. This comprehensive approach seeks to fix the holes in the system that these children fall through, correct public misperception of the problem, meet the needs of survivors and prevent new victimization.

A pilot program was enthusiastically launched in Chicago on Jan 21, 2005, with great participation from local governmental and non-governmental organizations.

International Efforts

Around the world The Salvation Army is mobilizing to respond to the needs of trafficking survivors, and to implement prevention strategies. To illustrate, following the model of the U.S. Council, The Salvation Army's International Headquarters has formed an **International Anti-Trafficking Task Force** with members from TSA around the world. The Salvation Army Canada has also just formed a similar group to address human trafficking in Canada. In countries such as France, Spain, Zambia, Ghana, Papua New Guinea, and India awareness raising activities have been undertaken or are ongoing. TSA has provided shelter and care to Chinese children who were rescued from traffickers in Sri Lanka. Additionally, The Salvation Army World Service Office (SAWSO) has received funding to develop an anti-trafficking program in Ecuador. SAWSO also participates in the **F.A.I.T.H. Consortium** – a partnership of faith-based agencies working to combat sexual trafficking. TSA has existing anti-trafficking related programs in Bangladesh and Tanzania and is launching new initiatives such as those outlined below.

Philippines

"Human Trafficking for Sexual Exploitation Community Care and Education Program"

Among the program's many activities, The Salvation Army will:

- utilize its corps (church) to raise awareness through campaigns and workshops with mothers;
- create education materials;
- develop creative activities such as musical and drama presentations and song-writing competitions;
- create partnerships with schools, churches, NGOs, government agencies and other institutions;
- conduct research; and,
- facilitate peer counseling among vulnerable groups.

India

"Jeevan Asha Project: Drop-in Center for Women and Children in Prostitution"

In response to the massive problem of women and children being exploited in the sex trade, The Salvation Army of India and Australia are partnering on a pilot project in Mumbai, India. The Kamathipura Red Light Area is the biggest sex trade area in Mumbai. It is there that TSA has opened a drop-in center for women in prostitution, most of whom are victims of devadasi (temple) prostitution and cast-based prostitution. The center will offer counseling, vocational training, literacy programs, women's meetings, spiritual meetings integrated with other activities, and activities for the children of the women.

Democratic Republic of Congo (DRC)

"Kinshasa, Fight against Sex Trafficking"

War, poverty, and a food crisis have created terrible conditions in the DRC – conditions under which sex trafficking thrives. To help prevent trafficking and to assist victims, The Salvation Army is launching a project in the Tshangu district of Kinshasa, capital of the DRC. Plans include a media campaign, and micro-credit loans to assist 100 sex slaves to escape bondage, as well as provision of counseling and social services.

Conclusion

Through the activities outlined above, The Salvation Army has established relationships with many advocates and service providers both in the U.S. and around the world. Our vision for a global network of organizations working to eradicate human trafficking is steadily becoming a reality. Additionally, these activities demonstrate the strength of our commitment to abolish trafficking, and show that The Salvation Army is translating that commitment into solid action.

To: Congresswoman Barbara Lee

From: Dorchen A. Leidholdt, Co-Executive Director, Coalition Against Trafficking in Women

Re: Response to your questions following my testimony on June 22, 2005

Date: October 10, 2005

The Coalition Against Trafficking in Women agrees that the feminization of poverty and the unequal status of women are major factors in the vulnerability of women and girls to trafficking and related forms of commercial sexual exploitation. Far from being ignored and unaddressed, this understanding is central to the Coalition's work and is articulated throughout our materials, most recently in the Coalition's article in the October 7, 2005 issue of The Nation in which Dr. Melissa Farley writes, "Prostitution is a choice based on a lack of survival options. Sex discrimination, poverty, and racism are the forces that drive girls into prostitution." The Coalition's documentary, "So Deep a Violence: Prostitution, Trafficking and the Global Sex Industry," explores the connections between prostitution, women's inequality, and women's poverty, as do numerous articles and reports on the Coalition's website, www.catwinternational.org.

The Coalition has spoken out since its inception in 1988 at hundreds of national and international forums against structural adjustment and other economic policies that discriminate against women and drive women and girls into poverty. For example, in February of this year I served as a keynote speaker at a U.S.-based forum on human trafficking attended by high-level U.S. government officials and emphasized in my remarks the economic policies and practices that have contributed to the massive sexual exploitation and abuse of Mexican women and girls:

"Among the chief push factors are clearly the economic forces and policies that have roiled the Mexican economy since 1994 and, as a result, Mexico's economic and social structure. The impact of NAFTA was profound, leading to a loss of 1.3 million jobs in Mexico's agricultural sector. That reality, together with the impact of Mexico's economic crisis of 1994, the ensuing recession, and the impact on Mexico of the later recession in the United States, resulted in a 50% increase in the poverty of female-headed households between 1994 and the present... . The economic transformation of Eastern Europe post perestroika plunged hundreds of thousands of educated women and girls into conditions of poverty and sex discrimination, providing European sex industry entrepreneurs with a supply of human merchandise that far exceeded their wildest dreams. The economic conditions in Mexico since the mid-90's have had similar effects, leading to an unprecedented migration of young Mexican women from rural areas to cities and export processing zones and from Mexico into the United States. . . . Indeed, the sex industry is the largest source of employment for women who have lost jobs as a consequence of globalization. . . ."

For more than fifteen years, the Coalition has been engaged in work around the world to provide women and girls with options to sexual exploitation and to empower them to take control of their lives. The Coalition is made up of grassroots projects dedicated to providing women and girls with economic alternatives to commercial sexual exploitation,

including initiatives that provide at-risk girls and women in South East Asia, South Asia, Latin America, and Africa with micro-credit, job training, and employment assistance. The Coalition funds a project that helps trafficking victims from Nigeria and Eastern Europe become economically independent of their exploiters as well as projects aimed at preventing trafficking and related forms of sexual exploitation in Mexico, Venezuela, the Philippines, the Republic of Georgia, the Baltics, the Balkans, and West Africa.

The Coalition has helped advance the legal protections and rights of trafficking victims through its public policy and legislative advocacy efforts on local, national, regional, and international levels. Most notably, the Coalition played a key role in the drafting of the United Nations Trafficking Protocol to Prevent, Suppress, and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention Against Transnational Organized Crime. Without the efforts of the Coalition, together with those of other feminist human rights organizations such as Equality Now and the European Women's Lobby, the Protocol would have confined its rights and protections to a narrow group of trafficking victims—those for whom force, fraud, or coercion could be proven—and would have denied protections to victims driven into commercial sexual exploitation by poverty, a history of violence, inequality, and other positions of vulnerability. The Coalition has played a similar role in legislative initiatives in Sweden, the Philippines, and dozens of other countries. At the same time the Coalition has fought legislative schemes that would undermine the legal protections and rights of at-risk women and children, especially those in conditions of poverty, by legalizing and regulating prostitution as acceptable work for poor women, requiring them to endure mandatory health inspections, to carry stigmatizing documentation, and to endure dehumanizing and degrading conditions.

While recognizing that poverty is a key factor in the vulnerability of women and children to trafficking and other forms of commercial sexual exploitation, the Coalition also recognizes that the global sex industry perpetuates and exacerbates the feminization of poverty and gender-based inequality. It does so by holding out “sex work” (a term that dignifies the industry, not the victims) as the economic solution for poor girls and young women and then makes this “option” available for a limited period of time and at an extraordinary cost. Once sexually exploited women are no longer marketable commodities, i.e., are too old and physically and psychologically devastated to satisfy customers, they are left traumatized, without employment and the education and skills to secure it, in far worse circumstances economically than they were to begin with. By promoting the notion that the bodies of girls and women are merchandize, available for a price, the global sex industry reduces women to chattel, reinforcing our unequal status.

I think that you can see that far from being piecemeal, the approach of the feminist human rights movement to abolish the sexual enslavement and exploitation of women is comprehensive and holistic. Our fight to end the global sex trade in women addresses root causes of women’s economic and political inequality.



INTERNATIONAL JUSTICE MISSION*

October 3, 2005

Congresswoman Barbara Lee
 U.S. House of Representatives
 Committee on Financial Services
 2129 Rayburn House Office Building
 Washington, D.C. 20515

Re: Combating Trafficking in Persons: An International Perspective

Dear Congresswoman Lee:

Thank you for your questions regarding International Justice Mission (IJM). I apologize for the delay. Please find below my response.

You ask two questions.

1). Your first question is as follows:

“What I want to know is what are your organizations doing to support the creation of economic opportunities for women vulnerable to sex trafficking?”

My response is as follows:

In Southeast Asia, International Justice Mission supports a local partner that works with youth at severe risk of being trafficked; the partner provides formal education for younger children and vocational training for female adolescents. This prevention effort is supported in part by the United States Department of Labor.

Also in Southeast Asia, International Justice Mission advocates on behalf of undocumented residents to ensure that they obtain proper residency papers. These key documents allow such residents to find gainful employment and education, thus reducing the chances that they will be exploited. This prevention effort is supported in part by the United States Department of Labor.

In Africa, International Justice Mission spends much of its resources on combating land-grabbing from widows, a crime in which widows are illegally thrown off their land, often by their deceased husbands' relatives. The right of women to inherit and possess property is fundamental to their ability to fully engage in the economic life of their country. IJM also provides training of community leaders on the law of property rights and will-writing, to ensure that women's economic rights are defended.

Also in Africa, IJM helps rescue victims of sexual abuse. After rescue, IJM helps to provide aftercare services to such survivors. Among other things, IJM ensures that survivors have access to education opportunities.

In South Asia, IJM helps former victims of trafficking to ensure that they receive reparations when legally due to them, so that they can buy property and invest in start-up businesses.

2). Your second question is as follows:

"What are you doing to communicate to the United States and other governments the urgent need for more foreign assistance for poverty reduction and alleviation initiatives so that we can make better progress on trafficking?"

My response is as follows:

IJM has provided numerous U.S. and foreign government officials -- from U.S. House Congresspersons during Congressional testimony to foreign police officers during informal conversations and formal trainings -- with ample evidence that demonstrates the need for proper resources to be committed to justice initiatives. Criminal law enforcement is an anti-poverty activity. One key reason why so many people are poor is because local authorities in many parts of the world do not adequately protect their rights -- such as the right to bodily integrity, the right to be registered as a resident of a country, the right for workers to keep their own wages, and the right of women to own real property.

Congresswoman Lee, I sincerely thank you for your commitment to the fight against poverty and the protection of the most vulnerable members of society.

Sincerely,



Michael O'Conner
Director of Operations, South Asia

House Committee on Financial Services
Subcommittee on Domestic and
International Monetary Policy, Trade, and Technology

**“Combating Trafficking in Persons:
An International Perspective”**

Response to Questions

Submitted by:
Lisa L. Thompson
Liaison for the Abolition of Sexual Trafficking
The Salvation Army National Headquarters

Background

The Salvation Army is an evangelical part of the universal Christian Church. Its message is based on the Bible. Its ministry is motivated by the love of God. Its mission is to preach the gospel of Jesus Christ and to meet human needs in His name without discrimination.

Although The Salvation Army had its beginnings in the East End of London in the 1860s, it has since grown into a powerful international movement operating in 109 countries. The Salvation Army's work combines spiritual and social ministry which takes into account the needs of each particular country. In the United States, The Salvation Army has been active and growing for more than 125 years, when it was first launched in Philadelphia, Pennsylvania in 1879. Now The Salvation Army is serving more people in the USA than ever before. More than 33 million people received help from The Salvation Army in 2004.

In 1977, The Salvation Army USA National Headquarters launched the Salvation Army World Service Office (SAWSO) *in order to find long-term solutions to poverty* in the less developed countries where the Army is active. Its mission is to support and strengthen The Salvation Army's efforts to improve the health, economic and spiritual conditions of the poor throughout the world. SAWSO has maintained its original aim to help people help themselves through programs that improve living conditions, raise skill levels, increase productivity, and instill self-confidence. Since its inception, SAWSO has channeled *more than \$110 million of goods and services* obtained through donations, contributions and government grants to developing countries around the world.

Strategically Combating Poverty

With more than 25 years experience working around the globe, SAWSO has learned that community participation is critical if solutions are to be effective and enduring. In carrying out its programs, SAWSO's staff located at The Salvation Army USA's National

Headquarters in Alexandria, Virginia, works through The Salvation Army's International network of personnel and facilities. At present there are 50,000 indigenous Salvation Army officers, employees, and professional staff working in developing countries. SAWSO assists these persons and local leaders to identify the root causes of their problems, formulate solutions, and develop the skills necessary to plan and sustain programs in their communities. SAWSO also provides training in project planning and management, leadership, and community development. SAWSO provides these specialized professional services in six categories:

- Education – supporting literacy and adult basic education programs, as well as technical and vocational training.
- Community health services – providing programs, education and services to children under 5 and women of child-bearing age to address vaccine preventable diseases; issues such as malnutrition, pneumonia, malaria, and HIV/AIDS; and, pre- and post-maternal health care.
- Capacity building – enhancing the capabilities of indigenous Salvation Army personnel and community volunteers to manage local development efforts through the provision of training and technical assistance.
- Disaster relief and recovery/reconstruction – providing emergency material assistance to victims such as food, clothing, and medical care in the immediate aftermath of a disaster, while supporting long-term recovery through assistance such as housing reconstruction.
- Income generation – assisting rural and urban communities in evaluating economic needs and designing programs to develop skills training, small businesses and micro-finance.
- HIV/AIDS – promoting the concepts of community care and prevention while assisting caregivers and addressing issues of sustainability for family members.

Through the broad range of programs and technical assistance outlined above, SAWSO supports the creation of economic opportunities for women vulnerable to sex trafficking.

Assisting Vulnerable Women

A specific illustration of how Salvation Army efforts support vulnerable women is seen in one of SAWSO's new initiatives which will bring empowerment to women in Kenya by creating opportunities for 6,000 women to use their own talents to target the extreme poverty devastating to so many female-headed families in Kenya. The program focuses on improving women's living standards through literacy, plus savings-based micro-finance and micro-entrepreneurial development. The concept is basic, yet extremely powerful, enabling participating women to:

- teach themselves to read and write;
- become proficient in record keeping;
- generate personal and group savings;
- start successful micro-enterprises;
- establish small groups operating as village banks; and
- undertake family and community activities to deal with HIV/AIDS.

Pearson, Rodney

From: Antonia Kirkland [akirkland@equalitynow.org]
Sent: Monday, September 12, 2005 11:43 AM
To: Pearson, Rodney
Subject: FW: questions from Barbara Lee on Congressional testimony

-----Original Message-----

From: Jessica Neuwirth [mailto:jneuwirth@igc.org]
 Sent: Friday, August 05, 2005 9:23 AM
 To: 'fsctestimony@mail.house.gov'
 Subject: questions from Barbara Lee on Congressional testimony

Thomas G. Duncan
 General Counsel
 Committee on Financial Services

Dear Mr. Duncan,

Please find below, responses to questions submitted by Congresswoman Lee regarding the Subcommittee on Domestic and International Monetary Policy, Trade, and Technology hearing entitled "combating Trafficking in Persons: An International Perspective, I participated in on June 22, 2005. I apologize for the delay in my response.

Questions posed by Congresswoman Lee: What are your organizations doing to support the creation of economic opportunities for women vulnerable to sex trafficking? What are you doing to communicate to the United States and other governments the urgent need for more foreign assistance for poverty reduction and alleviation initiatives so that we can make better progress on trafficking?

Equality Now believes there is much that needs to be done to create economic opportunities for women and girls who will become vulnerable to sex trafficking without them and supports groups around the world working to this end. Additionally, Equality Now believes that there are many legal and other forms of sex discrimination that prevent women from benefiting from existing opportunities that would otherwise be available. For this reason, Equality Now has particularly focused on laws that discriminate against women around the world, which include laws that limit women's employment and their ability to own and inherit property. A few of our relevant campaigns highlighting the issue of economic opportunity are highlighted below, together with comments at the end on our communications with governments and requests for assistance:

Equality Now launched a campaign in June 2003 on the role of the U.S. military in the commercial sex industry, highlighting in this campaign the work of Saewoomtuh, a local non-governmental organization in South Korea that is actively campaigning against the commercial sex industry and working to address the needs of women in prostitution for rehabilitation and alternative income. Saewoomtuh worked for the reform of Korea's laws on prostitution so that customers, procurers and pimps are treated as criminals while prostitutes are treated as victims eligible for a wide array of social services. The organization helps women leave prostitution and find other sources of income for their survival. Saewoomtuh's model program, begun in 1998, includes alternative income generating opportunities, a program for support networking and a group counseling and policy discussion program for ex-prostitutes. The work of organizations like Saewoomtuh seeks to address the root causes of prostitution and diminish the lure of opportunities that seem to offer quick money but all too often lead to exploitation by the commercial sex industry. For more about this campaign, see http://www.equalitynow.org/english/actions/action_2301_en.html

Equality Now's campaign against discriminatory laws, undertaken in conjunction with the United Nations review process for the fifth and more recently tenth anniversary of the

Beijing Fourth World Conference on Women, highlights several discriminatory laws affecting women's economic status. Laws from Chile, Lesotho and Nepal which discriminate against women in matters of inheritance and property in marriage are cited. Employment discrimination in Australia, Bolivia, Cameroon, China, Latvia, Madagascar and the United Kingdom is also highlighted. These laws, *inter alia*, prohibit women from working at night or in mines, performing combat duties or working without their husband's permission. All these discriminatory laws render women more vulnerable to poverty, and the pimps and traffickers who prey on their desperation. For more information on Equality Now's discriminatory laws campaign, see:
http://www.equalitynow.org/english/wan/beijing10/beijing10_en.html

In August 2000, Equality Now undertook a campaign calling for an amendment to the Ugandan Land Act 1998 that would provide for co-ownership of land between spouses. A similar provision had previously been passed by Parliament, but was left out of the final 1998 Act as a consequence of technical revisions, although it was never restored and was subsequently known as the "lost clause." Ugandan women's groups, with support from Equality Now and others, worked for restoration of this right for many years, and a new law was passed in 2004. Under the 2004 Act, spouses are granted a right to security of occupancy, defined as a right to have access to and live on family land, as well as a right to reasonably withhold their consent on sale or other transactions that would affect their rights to family land. Although this provision in the Land (Amendment) Act is an important advancement, security of occupancy falls considerably short of the spousal co-ownership provided for in the "lost clause." The Uganda Land Alliance, Uganda Women Network and other local women's groups, together with Equality Now and its members, had advocated and worked intensively for the reinstatement of the spousal co-ownership clause omitted from the Land Act 1998. Spousal co-ownership would secure women's access to land, and enhance their ability to remain in the family home in the event of divorce or widowhood. Under the current provisions, security of occupancy is dependent on an existing spousal relationship and terminates on divorce or death of the husband. It therefore continues to leave divorced and widowed women and their children particularly vulnerable. As co-owners, women would not only be better protected, but would also have the right to participate fully in the management of family land, making decisions on what crops to grow and how to allocate resources. A woman's claim to family land in Uganda has traditionally been tenuous at best. Although women make up 80% of the agricultural labor force, only 7% of all women own land. For more information on this campaign, see:
http://www.equalitynow.org/english/actions/action_1702_en.html

Equality Now has often approached the State Department for support in these and other campaigns, and would welcome any support from Members of Congress in its efforts to end all forms of violence and discrimination against women and girls around the world, including sex trafficking and commercial sexual exploitation. The power of the United States Government, particularly in countries that receive substantial foreign aid, is leveraged in many ways - generally not, however, to the same degree for the protection and promotion of fundamental women's rights.

With regard to foreign aid, we strongly support the allocation of funds directly to grassroots women's advocacy organizations around the world. Indirect aid, or aid delivered by big international organizations is often not empowering to groups on the receiving end. Unfortunately, this is an issue we do not currently have the resources to address.

Sincerely,

Jessica Neuwirth
 President
 Equality Now

